FINANCIAL TIMES
'BLISHED IN LONDON AND FRANKFURT
No. 27,866
Thursday May 17 1979

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Cabinet resigns in Lebanon

Lebanon's Cabinet has resigned to make way for a government of national reconciliation. The move was announced by Dr. Selim al-Hoss, the out-going Prime Minister.

He said the resignation had been accepted by President Elias Sarkis, who called on Ministers to stay on in a caretaker capacity.

Dr. Hoss and his eight-man Cabinet of technocrats has been in office since December, 1976 — the longest period for 36 years.

Hess report

A Soviet journalist, Victor Louis, reported that Rudolf Hess might be released from Spandau Prison if he recanted his Nazi beliefs.

Thorpe plots

George Carman, QC, counsel for Jeremy Thorpe, said at the murder conspiracy trial at the Old Bailey: "You can't lead a political party in the House of Commons and spend your time plotting murders as well."

He was speaking to the main prosecution witness, Peter Bessell. Thorpe and three other men have denied conspiring to murder Norman Scott.

Murder hunt bid

Police in Derbyshire hunting the killer of sweethearts Lorraine Underwood, 15, and Peter Thompson, 18, are planning a reconstruction of the murder scene at Ball Eye Quarry, Matlock, at the end of the month.

Neave service

Mrs. Margaret Thatcher was among 1,500 people who attended a memorial service at St. Martin-in-the-Fields, London, for Airey Neave, the Shadow Northern Ireland Secretary, who was killed by a car bomb at the House of Commons. Picture Page 10

Queen's visit

The Queen, on the first day of her State visit to Denmark, spoke about the Common Market. At a Christiansborg Palace gala dinner she said: "Our commitment to the European Community and its future is firm."

Killer sentenced

A youth was sentenced to indefinite detention in Belfast for the murder of a woman soldier, who was shot at least nine times as she prepared to go to bed. Ian Stephen Hegarty, 18, admitted murdering Margaret Ann Hearst, 24.

IRA leak move

Transport police were questioning a man in connection with the mail train robbery which led to an Army intelligence document being leaked to the Provisional IRA.

Nuclear fishin'

Fish were blamed for putting a Canadian nuclear plant out of action. Eleven tons of fish clogged a water-cooling intake at the Lake Huron plant, causing it to shut down.

Briefly...

Sir Robert Mayer, who will be 100 in June, is to be awarded the Royal Society of Arts Albert Medal for his contribution to music.

Man who killed 70 people in two years with a hammer was hanged in Jaipur, Northern India.

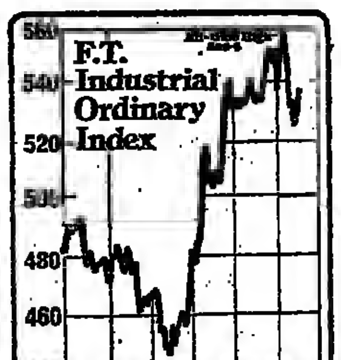
Swedish Grand Prix was cancelled because many large sponsors withdrew.

China is offering for worldwide sale sets of four gold coins commemorating the 30th anniversary of the People's Republic.

BUSINESS

Equities up 9.8; Gilts stronger

● EQUITIES rallied because many oversold positions had been closed and the FT ordinary index closed 9.8 up at 536.2.



● GILTS opened strongly, spurred by an overnight recovery from the previous six-day decline, but prices reacted later and longs closed ⅛ higher after being ⅝ up. The Government Securities index closed 0.22 up at 73.33.

● STERLING fell 20 points to close at $2.0610. Its trade-weighted index rose to 66.8 (66.7). The dollar's index eased to 86.0 (86.1).

● GOLD closed $1½ up at a record $256⅛.

● WALL STREET was down 1.47 at 824.41 just before the close.

● EEC Energy Commissioner, Herr Guido Brunner, warned that the Community was falling well short of its new energy saving target. Back Page

● IRAN is to sell less oil to foreign companies under term contracts if it finds that some of it is being sold on the spot market. Back Page

● INDUSTRY DEPARTMENT said it was likely the new Government would "revise downwards" the £55m sum allocated to the microprocessor application programme. Page 8

● GLAXO, the UK-based pharmaceutical group, has reacted strongly to a suggestion that one of its most successful antibiotic drugs should be withdrawn from the market because of dangerous side effects. Page 8

● BIRDS EYE report says the UK frozen food market increased by 2 per cent in volume and 9 per cent in value last year to reach a record £790m. Page 9

● INCOME TAX PAYERS' SOCIETY says that rates and thresholds of capital taxes should be adjusted for inflation in Budget submissions. Page 9

LABOUR

● CHEMICAL manufacturers agreed to alter the industry's national pay and conditions agreement to enable companies to reduce the 40-hour working week for process workers. Page 9

● COMMON MARKET employment Ministers are fairly evenly divided over a work-sharing scheme to ease the EEC's looming unemployment problem. Page 2

COMPANIES

● F. W. WOOLWORTH, the stores group, reports pre-tax profits up by 35.7 per cent to £7.5m for the quarter to April 30. Page 26 and Lex

● DUPORT reports a fall in pre-tax profits from £7.37m to £5.8m last year. Page 30

● CAPE INDUSTRIES of the UK is negotiating the sale of its South African asbestos mining companies to the South African Transvaal Consolidated Land and Exploration group. Page 31

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 11pc 1991 (£45 pd.)	£42¼	+ ⅜
Excheq. 12¼pc '99	£102¼	+ ⅜
Barlow Rand	298	+ 14
Blue Circle	336	+ 8
Brown (J.)	575	+ 12
Corn Exchange	310	+ 13
Duport	77	+ 6½
Farnell Elect.	562	+ 22
Foster Bros.	258	+ 18
General Accident	240	+ 8
GEC	438	+ 7
Giltspur Invs.	101	+ 8
Grand Met.	161	+ 6
Grattan Warehouses	144	+ 12
Hardy (Frnshrs.) A	87	+ 7
Heath (C. E.)	235	+ 9
House of Fraser	198	+ 6
Land Secs.	313	+ 9
Man. Agency Music	184	+ 8
Rolls-Royce	87	+ 2½
Stocklake	105	+ 10
Tunnel B	320	+ 14
Turner and Newall	162	+ 9
UDS	114	+ 6
Utd. Scientific	284	+ 6
Woolworth (F. W.)	85	+ 5
Shell Transport	765	+ 20
Anglo Amer. Crp.	415	+ 22
East Rand Prop.	341	+ 22
Gold Ms. Kalgoorlie	84	+ 8
Hartebeest	£15⅜	+ 1
Wankie Colliery	48	+ 4
Western Areas	160	+ 14
FALL		
Hartwells	130	− 6

Rises in pay round draw near last year's 14.2% level

BY DAVID FREUD

The increase in earnings in the current pay round looks like being close to the 14.2 per cent level at the end of last year's pay round in July.

Department of Employment figures released yesterday show that in the first eight months of the current round, to March, earnings rose by 7.3 compared with 6.9 per cent in the same period of 1978.

The number of employees covered by major negotiations who had settled by March was 4m, closely comparable with the 4.2m total in March 1978.

This implies that after significant holding back over the winter, settlements are proceeding at a similar rate to last year, and at much the same level.

The new index, which covers the whole economy, rose 14.6 per cent in the 12 months to March, compared with 15 per cent in the year to February.

In spite of appearances, the underlying trend is upward. Once the distorting impact of back-pay is stripped from the index, the 12-month figure moves up from about 13½ per cent in February to about 14½ per cent in March.

The older index, which covers mainly production workers, is moving ahead much more rapidly than the more broadly-based index, as it did at this time last year.

In the 12 months to March the index rose 17 per cent, the highest annual increase since May 1976.

This may mean that production workers are increasing their earnings more than non-production workers, a pattern that mirrors the outcome of the last round.

There are strong signs that the Government is trying to redirect as much as possible attention from the trends thrown up by the figures.

Officials did not release an up-to-date total for settlements in the round, as has been the usual practice in the past.

Such a move would be in line with remarks by Mr. James Prior, the Employment Secretary, last week. He said: "We always said that we hoped we could get away from specific norms or going rates, and actually we have got to put most more variety into settlements.

"We can't expect everyone

to have the same settlement because there are different processes working on firms or even on Government Departments. So I think that to talk in terms of pay policy in its old context would be very misleading."

The new index for average earnings stood at 148.4 (January 1976 = 100) in March, compared

Continued on Back Page

MURRAY FLIES IN TO MEET PRIOR

Mr. Len Murray, TUC general secretary, last night flew back to London from Munich where he was attending the European TUC for talks with Mr. James Prior, Employment Secretary, on the Government's proposals for union reform.

Gold up another $1.5

By Peter Riddell, Economics Correspondent

THE PRICE of gold rose again yesterday as the bullion market remained strong following the successful U.S. gold auction late on Tuesday.

In London, the price rose by $1½ an ounce to a record closing level of $256⅛. The high for the day was $257 and there was profit-taking in the morning after some early strength in the Far East.

The direct reason for the renewed confidence was the U.S. auction of 750,000 ounces at an average price of $254.92. Bidders had subscribed for a total of 2.4m ounces.

The recent strength of gold appears to reflect fears about a general resurgence of inflationary pressures rather than, as last year, a response to the weakness of the dollar.

Foreign exchange markets were generally fairly quiet yesterday. Sterling consolidated its recent recovery. The trade-weighted index, measuring the value of the pound against a basket of other currencies, rose 0.1 to 66.8. This means that sterling has now regained half the ground lost during last week's post-election decline.

In domestic financial markets there were further signs that the post-election shake-out has come to an end. But there was no significant buying and sentiment may be tested this afternoon by the mid-April money supply figures which are expected to show that bank lending is still buoyant.

Prices of gilt-edged stock closed ⅛ higher after early gains of ⅜ of a point, while the FT 30-share Industrial Ordinary index closed 9.8 higher at 536.2.

Money markets Page 35

£ in New York

—	May 15	Previous
Spot	$2.0625-0635	$5.0465-0475
1 month	0.31-0.27 dis	0.36-0.31 dis
3 months	0.67-0.62 dis	0.77-0.72 dis
12 months	2.35-2.25 dis	2.25-2.10 dis

NATO backs Carter on SALT II pact

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

AMERICA'S European allies yesterday backed President Jimmy Carter's efforts to push the strategic arms limitation treaty between Washington and Moscow—SALT II—through the Senate.

Nato defence ministers at their spring meeting in Brussels, said they welcomed in principle the agreement reached by the two super powers, and agreed that "equitable limitation" of the nuclear capabilities of the U.S. and the Soviet Union would improve the West's security.

Mr. Harold Brown, U.S. Defence Secretary, said the Allied statement was "very significant" and would influence the Senate debate in which President Carter faces an uphill struggle to secure the controversial treaty's ratification.

It was clear, however, that most West European ministers were withholding their final endorsement of the treaty, due to be signed at a Carter-Brezhnev summit in Vienna next month, until they have scrutinised the small print, which they have not yet seen.

Mr. Brown gave a warning that there would be considerable concern over the cohesion and continuity of American leadership of the West if the Senate failed to ratify the pact, which aims to limit the super power arms race. He believed America's allies would react with consternation and that U.S. relations with Western Europe would become more difficult.

He was confident that the U.S. had the necessary economic and technological resources to win a new all-out arms race with the Soviet Union. But it would be much more dangerous and expensive if there were no SALT treaty and the world would become very uncomfortable.

At a Press conference on the final day of the NATO meeting Mr. Brown also sought to reassure European Governments that the U.S. would not leave them vulnerable to a limited Soviet nuclear attack.

He said that if Moscow were to use its growing medium range nuclear power embodied in the new SS20 missile to launch a pre-emptive strike against Western Europe it was "very likely that such a conflict would escalate into an inter-continental thermo-nuclear exchange which would destroy both the Soviet Union and the U.S."

In their communique, the Ministers said the SS20 aimed specifically at Western Europe introduced a new dimension of threat in the nuclear field. It constituted a "qualitative change" in the Soviet arsenal. Mr. Brown said that Moscow would probably see both military and political advantages, if the West were to decide it was outmatched by the new weapons.

To counter the Soviet build-up the Defence Ministers agreed that it would be necessary to maintain and continue to modernise the Alliance's nuclear forces in Western Europe. A final decision on the details of the modernisation programme is hoped for by the end of the year.

The British Government has made it clear over the last two days here that it will give strong support to the modernisation plans, which could involve basing new up-dated nuclear missiles in the UK.

Talks open in Rhodesia as Boyd hands in report

BY OUR FOREIGN STAFF

A SENIOR Foreign Office official opened talks in Salisbury yesterday with Rhodesia's transitional Government as Mrs. Margaret Thatcher was handed a report which is thought to conclude that the recent Rhodesian elections were conducted reasonably fairly.

In Salisbury, Rhodesian officials said they were pleased by the speed with which Mrs. Thatcher had acted in sending Sir Anthony Duff, the second most senior official in the Foreign Office, to confer with Bishop Muzorewa, the Prime Minister-elect, and other members of the transitional Government.

In London, Lord Boyd of Merton, who headed a Conservative Party team which monitored the elections, gave his report on the poll to the Prime Minister. There is no indication as to when it will be published, but the supposition is that the report concludes that the elections were conducted reasonably fairly and the results should therefore be accepted.

The Boyd report follows a major setback for President Carter's Rhodesian policy on Tuesday, when the Senate voted overwhelmingly to call on the President to lift sanctions within 10 days of the installation of the Muzorewa Government. For its part, the British Government is taking an extremely cautious attitude towards Rhodesia. There will be policy decisions until after the Commonwealth conference in Lusaka in August.

Lord Chitnis, a crossbench peer who observed the elections for the British Parliamentary Human Rights Group, yesterday published a report condemning the poll as a "gigantic confidence trick designed to foist on a cowed and indoctrinated black electorate a settlement and a constitution which were formulated without its consent and which are being implemented without its approval."

●Tony Hawkins writes from Salisbury: Sir Anthony Duff said he expected to leave Salisbury today or tomorrow, in time to report back to Lord Carrington before next week's talks between the Foreign Secretary and Mr. Cyrus Vance, U.S. Secretary of State. While Government officials in Salisbury are pleased at the British initiative, they are pinning much more hope on the U.S. Senate vote than on the immediate British policies.

● David Buchan writes from Washington: President Carter will decide next month whether to lift sanctions on Rhodesia, undeterred by the Senate vote.

France agrees to return plutonium to Germany

BY TERRY DODSWORTH IN PARIS

FRANCE and West Germany have agreed that plutonium separated from German nuclear fuel in France is to be returned to Germany, subject to certain conditions.

Previously the French had tried to persuade the Germans that the plutonium—a potential nuclear fuel or nuclear explosive—should be left in the safekeeping of France, which already has nuclear weapons.

But the Germans, who already have a small stockpile of plutonium separated from 35 tonnes of German fuel reprocessed in their own experimental plant, objected strongly to the French proposal.

In a statement issued yesterday, following reports of a rift between the two Governments, the French Foreign Office said the bilateral agreement on plutonium had been signed a fortnight ago.

The plutonium in question will be produced by reprocessing German nuclear fuel at the La Hague plant. This will then be shipped back to Germany.

Contracts for the reprocessing of 1,705 tonnes of spent fuel after 1985 have been signed between West German electricity companies and the French state-owned company Cogema.

Bonn regrets nuclear ban Back Page

Grammar schools to be saved

BY PHILIP RAWSTORNE

THE GOVERNMENT today removed the legal compulsion on local education authorities to reorganise their secondary schools on comprehensive lines.

At the same time, it restored their freedom to support pupils at independent schools.

The moves, which could save about 300 grammar schools, was announced by Mr. Mark Carlisle, the Education Secretary, on the second day of the Queen's Speech debate in the Commons.

Highest priority in the Government's legislative programme has been given to a Bill, to be published today, to amend the 1976 Education Act, repealing the clauses which compelled authorities to go comprehensive.

The measure, drafted in the past 12 days, will remove the legal obligations on the 29 authorities which have been resisting comprehensive reorganisation.

But without waiting for the Bill's enactment, Mr. Carlisle said yesterday that he had withdrawn requirements on the authorities to submit re-organisation proposals.

Where proposals had been submitted but not yet approved, authorities would be asked whether they wished to proceed.

In cases where re-organisation schemes had been approved under Section 13 of the 1976 Act, authorities would be relieved if they wished of any statutory duty to implement them.

Mr. Carlisle said that he had also revoked default orders made against four authorities—East London; Redbridge, Bromley, Kent; Kirklees, West Yorkshire and Sutton, Surrey—and was not pursuing a further order requiring Bolton to reorganise its education system this year.

He emphasised that authorities which wished to proceed with comprehensive reorganisation would be free to do so.

Fourty-four authorities have now completed the changeover and 83 per cent of the country's secondary school children are being educated at comprehensive schools.

Mr. Carlisle is expected to lay an order before Parliament next week to relieve authorities of the need to secure Ministerial approval for payments in support of pupils at independent schools.

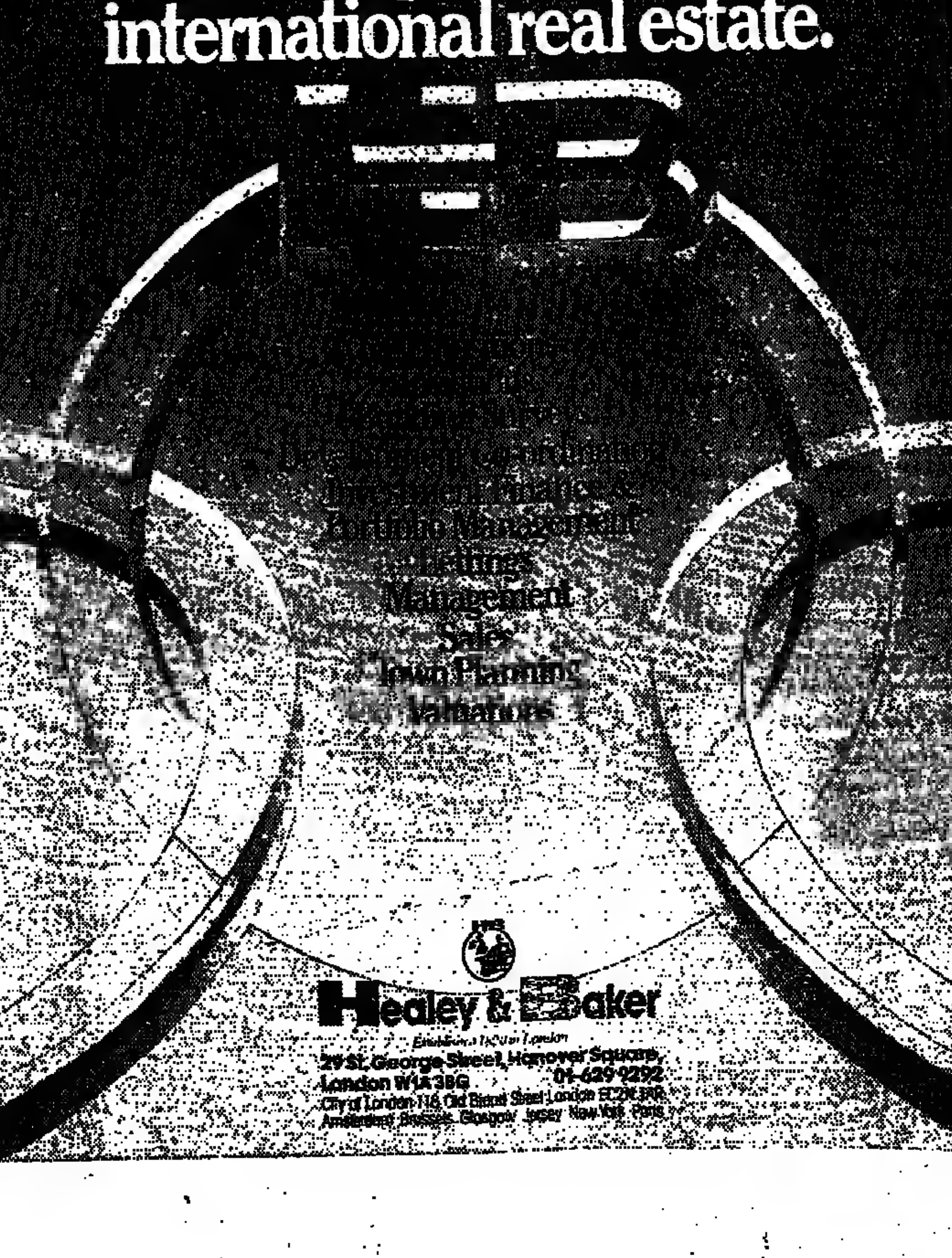
This arrangement would enable authorities to assist or take places at independent schools until legislation later in the session fully restores their freedom of action.

This second Bill would introduce the Government's proposed

Continued on Back Page
Parliament Page 10

Teachers' pay

Government approval for reference of teachers' pay to the Comparability Commission was given yesterday by Mr. Mark Carlisle. Page 9



CONTENTS

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EUROPEAN NEWS

French industry pick-up fails to stem unemployment

BY TERRY DODSWORTH IN PARIS

A FURTHER PICK-UP in French industry last month failed to make an impression on the rising unemployment rate which is providing fuel for critics of the French Government's economic policies.

The figures are particularly disquieting because of the normal swing towards recruitment in industry at this time of year. They will almost certainly get worse in the late summer, with 700,000 school-leavers coming on the labour market.

Even a slight increase in employment opportunities — up by 2.8 per cent on the previous month, to a total of 84,900 — is giving little comfort. Compared with the same month last year the figure is down by 6.3 per cent.

In its monthly report on the economy, the Bank of France notes that one of the reasons for the high rate of unemployment is the preference of employers for overtime working rather than taking on new staff.

The shake-out in French industry over the last year is showing some signs of slowing down. But while the rate of redundancies may be falling, few employers are indicating a readiness to sign up labour in the next few months.

The bank's report forecasts that the steady improvement in production, which was only marginally affected by the May Day holiday, should continue until the summer vacation period.

Overseas growth seems to be providing the main stimulus to this expansion, with several manufacturers noting that their products are now gaining ready acceptance. On the domestic market, conditions have been more varied.

Despite these hopeful signs the report indicates that industry still remains uncertain about the future and is deeply worried about the expected oil shortages. There are signs that companies are stocking up oil and raw materials, although investment continues to be on a sluggish level.

Worsening unemployment also appears to be having some effect on the level of retail demand. According to the Bank of France, retailers have noted a fall in consumption during the last two months after a vigorous start to the year.

David White adds: a stronger inflation trend in Western countries was confirmed in March, when consumer prices in the OECD area showed a first quarter average increase of 2.5 per cent, according to the latest OECD figures.

The annual rate of increase calculated over the previous six months climbed to 8.4 per cent, compared with 8 per cent in February.

The average March rise was 0.9 per cent. For the first time this year, food prices rose at the same rate as overall inflation. Higher prices for oil and other imports were the main reason for the increases, the OECD said.

Switzerland discussing co-operation with EMS

By John Wicks in Zurich

THE CENTRAL banks of Switzerland and other European countries are discussing closer monetary cooperation according to M. Pierre Languetin, managing director of the Swiss National Bank. The European Monetary System to which Switzerland does not directly belong, could be aided by "pragmatic participation" on the part of his country, M. Languetin said yesterday.

One possibility could be Swiss foreign exchange market intervention in European currencies, he indicated. Last October, the National Bank intervened to a value of between SwFr 200m and 300m (£57m-£85m) in Belgian francs and Dutch guilders.

There were no plans at present to intervene in non-dollar currencies. But the experience gained by the October moves had been favourable and under certain conditions purchases of this kind prove "interesting."

During the first four months of 1979, over and above foreign borrowings in Swiss francs of SwFr 5.8bn, the Swiss National Bank had been able to sell a net total of SwFr 5.2bn worth of dollars. This followed net foreign currency intervention purchases of SwFr 10.7bn over the period from October to December of last year, Dr. Fritz Leutwiler, the National Bank president, stressed, however, that the bank would not hesitate to buy dollars again in future.

The Bank was investigating the extent to which "internationalisation" of the Swiss franc had taken place, Dr. Leutwiler said. The National Bank could not ignore this trend. But it could attempt to lead new demand for the currency into certain channels, with the idea, the issue of "certain paper" to other central banks wanting to hold Swiss francs.

W. Germans proceed against banks

BY LESLIE COLITT IN BERLIN

THE WEST GERMAN Cartel Office has launched proceedings to fine West Germany's three largest banks which, the office alleges co-ordinated a delay in raising interest rates for savings deposits until several weeks after increasing interest charges for loans.

The three banks — Deutsche Bank, Dresdner Bank and Commerzbank — have vigourously denied the charges saying the increase in interest on savings could not be separated from changes in the interest rate structure as a result of the Bundesbank's increase on March 29 of the discount and Lombard rates.

Herr Wilhelm Christians, chairman of Deutsche Bank said at the annual shareholders' meeting yesterday that there is "nothing automatic about the chronological sequence of interest rate changes in loans and deposits." He noted: "We are independent in our decisions."

Last Thursday the Cartel Office in Berlin held talks with board members of the three banks to determine whether it would begin proceedings after saying it "suspected" the banks violated Cartel law by "co-ordinating business practices."

On April 17, the three banks announced an increase in interest rates for savings deposits. Their interest charges for loans had been put up on April 5. The Cartel Office noted that West Germany's savings banks had increased their interest on savings from four to six weeks earlier. The Deutsche Bank noted afterwards that new borrowers had had from March 29 to April 5 in which to obtain loans at the old rates.

To prove its allegations of collusion, the Cartel Office must show that representatives of the three banks met to co-ordinate their policy on interest rates. The office, which is part of the West German Economics Ministry, says it will reach a decision on whether to fine the three banks by the end of this month.

Herr Wolfgang Kartte, president of the Cartel Office, said a fine could be levied of up to DM 7bn or three times the alleged profit which the three banks made by delaying an increase in interest paid on savings deposits.

The Cartel Office says it has already heard witnesses in West Germany including board members and other bank representatives. The West German news magazine Der Spiegel reports that board members of the three banks met on March 30 at a committee meeting of the West German Bank Federation and are said to have reached agreement on interest rates.

EEC division on plan for jobless

BY GILES MERRITT IN BRUSSELS

EMPLOYMENT MINISTERS of the Nine were fairly evenly divided when they met here on Tuesday to discuss a work-sharing scheme to ease the EEC's looming unemployment problem.

The goal of the plan is straightforward. Projections by the European Commission suggest unemployment in the Nine will rise from the present 6.5m to 13m by 1985. The only way to cushion this, it has proposed, is the adoption of work-sharing that would involve banning systematic overtime.

Belgium is enthusiastic about the idea, for it already has to meet the target of a 36-hour week by 1981 and would naturally prefer other member states to base their industrial costs on a similar structure. France, perhaps because it currently holds the presidency of the Council of Ministers, is also backing work-sharing and has the somewhat lukewarm support of Holland.

But Britain, West Germany and Denmark are ranged against the idea in its present form, with the three remaining EEC countries apparently keeping an open mind.

The uncommitted member states' approach is the most readily understandable, because the Commission's proposals on the matter are devoid of almost all the facts and calculations needed for ministers to decide either for or against work-sharing.

The employment and social affairs directorate-general of the Commission has been left looking like a schoolboy told to do his homework again. The report published at the beginning of the month by Mr. Henk Vredeling, Social Affairs Commissioner, did not even contain some of the relevant information commission officials have already prepared. It might, for instance, have been of interest to the president of Tuesday's council, Mr. Robert Boulin, that France is the Common Market country with the highest proportion of workers relying on overtime.

But it is the research that the Commission has yet to do that is the key to the problem. The unanswered questions are:

1—What will be the cost to European industries of major increases in their labour forces, and what will be the effect on unit costs?

2—What increases in productivity could European trade unions offer in return for wider employment?

3—To what extent would the increased industrial costs be counterbalanced by lower social security costs and the possibility of more employment stimulating consumer demand?

4—How would work-sharing affect the EEC's competitiveness world-wide and what trade concessions could be secured to compensate for that?

It may well be that meaningful calculations are impossible. That was more or less Commission officials' reaction when asked about the gaps in the Vredeling report.

Tito arrives for Moscow talks

BY DAVID SATTER IN MOSCOW

Yugoslavia's President Josip Broz Tito arrived in Moscow yesterday for talks during which he will try to reduce some of the tension in the close but traditionally cautious relations between the Soviet Union and Yugoslavia.

The 86-year-old Yugoslav leader was greeted at the airport by Mr. Leonid Brezhnev, the Soviet President, but the welcoming ceremonies for this "unofficial" working visit were brief and devoid of excessive protocol.

Marshal Tito will talk with Mr. Brezhnev on Thursday and Friday for two brief two-hour sessions, and the leaders are expected to discuss China, South-East Asia, the future of the non-aligned movement, and Yugoslavia's security.

A holiday for the two men in the Crimea had been scheduled after the talks, but this is now in doubt.

Marshal Tito and Mr. Brezhnev have met frequently, and the pattern has always been for them to tackle the full range of problems between the Soviet Union and Yugoslavia, and for relations to improve as a result.

The two men have not met, however, since the visit to Yugoslavia in August of last year of Mr. Hua Guofeng, the Chinese leader, and the question of relations with China is expected to be one of the most difficult questions.

Other sources of disagreement are Yugoslav policy on South-East Asia and the non-aligned movement.

The Yugoslavs condemned Vietnam's invasion of Cambodia, and are anxious to head off what they see as an attempt by Cuba and Vietnam to split the 86-nation non-aligned movement.

Eastern European officials said Marshal Tito, who has not met Mr. Brezhnev for a year and a half, has been under Soviet pressure to visit Moscow, and the fact that he agreed, although in protocol terms it is Mr. Brezhnev's turn to visit Belgrade, is one sign of the Yugoslav desire to repair relations.

The differences between the two countries, however, may prevent a joint communique being issued, although progress is expected on continued scientific, technical and economic co-operation.

Italy may buy Saudi oil direct

By Paul Betts in Rome

SAUDI ARABIA is considering direct oil sales to Italy, by-passing the large international oil groups, Sig. Giulio Andreotti, the Italian caretaker Prime Minister, said yesterday.

During talks here between Sig. Andreotti and Crown Prince Fahd of Saudi Arabia there were also indications which appeared to confirm Saudi Arabia's intention of opposing excessive increases in oil prices at next month's OPEC meeting.

In view of the growing threat of an energy crisis in Italy, the Italian Government is negotiating with other Arab oil producing countries for additional supplies.

Italy, which depends on oil imports for about 75 per cent of its annual energy, is understood to have already been promised an additional 1m tonnes of crude from Libya and an extra 2.5m tonnes from Iraq.

Private oil companies in Italy, which are planning cuts in supplies to petrol stations, renewed yesterday their warning about the seriousness of the situation in Italy, although the Government appears to continue to play down the issue.

Changes in Yugoslav leadership

BY ALEXANDER LEBL IN BELGRADE

THE DECISION of President Josip Broz Tito of Yugoslavia to include Mr. Stane Dolanc, the former Secretary of the Presidium of the Yugoslav League of Communists, in the small group accompanying him to Moscow for talks with Mr. Leonid Brezhnev, is taken as confirmation that the former party boss retains an important role in the Yugoslav leadership.

In an unexpected move, Mr. Dolanc was relieved of his Presidium Secretaryship last night, and replaced by Mr. Dusan Dragosavac, a 60-year-old Serb from Croatia who played an important role in helping to suppress the outburst of Croatian nationalism which erupted in 1971. Mr. Dragosavac will hold the post for two years, when it will pass to a top party man from another republic.

Mr. Dolanc, an energetic 56-year-old Slovene, held the top party position for eight years after being called in to re-establish party control and reorganise the party in line with the 1974 constitution, which led to a considerable devolution of powers to the six republics and two autonomous provinces which make up the federal Yugoslav state.

This re-organisation of the state was paralleled by a thorough-going party re-organisation which was sanctioned by the party Congress in Belgrade last June.

The fundamental idea behind the re-organisation of both state and party has been the introduction of collective leadership praesidiums based on representation from each of the Republics and Provinces in collective presidencies of both state and party organs on an annual rotation. Last December, Mr. Branko Mikulic, generally regarded as a fairly hard-line conservative from Bosnia Herzegovina, became the acting Chairman of the Presidium of the Central Committee of the League of Communists, the Yugoslav equivalent of the more conventional Politburo in other Communist states.

But the retention of the secretaryship by Mr. Dolanc remained an exception to the general rule of rotation of posts within a collective leadership system.

IMF talks satisfy Turkey

By Metin Munir

THE FIRST round of talks between Turkey and the IMF ended here today with a number of outstanding problems settled, but prickly points remaining to be taken up in future talks.

Mr. Ziya Muezzinoglu, the Finance Minister, said that he was "satisfied" with the outcome of the 14-days of talks. "Many of the problems are behind us now," he said. But the Letter of Intent was not yet ready.

The IMF team of negotiators was led by Mr. Woodward, the chief of the Turkey desk, and Mr. Whittome, the director for Europe. It is vital that Turkey reaches an agreement with the Fund without accepting and adhering to the stabilisation guidelines established by the IMF, Mr. Ecevit's Government appears virtually certain not to receive aid and credit packages being prepared by the Organisation of Economic Co-operation and Development and international banks.

Irish petrol price rise expected

By Stewart Dalby in Dublin

IRELAND will almost certainly introduce an increase in the price of petrol soon, probably of about 5p a gallon, as its answer to the country's acute fuel shortage.

It has become clear, as Opposition spokesmen have suggested, that the measures announced two days ago by Mr. Desmond O'Malley, Minister for Industry, Commerce and Energy, will not provide a complete remedy to the shortfall, now estimated at about 22 per cent.

Mr. O'Malley has imposed a reduction in the speed limit from 60 mph to 55 mph, and has stipulated a minimum purchase level of £5 worth of petrol for large cars and £4 for smaller ones to stop drivers from "topping up." Insurance companies are being asked to allow single drivers to carry extra passengers.

Dutch companies agree pay deals

BY CHARLES BATCHELOR IN AMSTERDAM

THREE OF the five major Dutch international concerns have reached agreement in principle with the unions on a 1979 wage contract. After the Dutch-German chemicals and fibres group Akzo broke through the stalemate which has lasted for the past few weeks, agreements were speedily reached by the electrical concern Philips and the steel group Hoogovens.

The two major trade union federations, the Socialist-Catholic FNV and the Protestant CNV, as well as smaller unions representing senior staffs, will now report back to their members on the result of the talks. In contrast to the agreement reached for 20,000 Hoogovens steelworkers, prospects remain gloomy for around 280,000 employees elsewhere in the metal sector.

The metal industry employers have agreed to meet the unions for a further round of talks on May 23, but the FNV industrial unions warned in yesterday's edition of their members' newspaper that a wage settlement might prove impossible this year.

While this would mean no progress towards shorter working hours, employers would not dare to withhold price compensation and the union would be free to carry out industrial action, they said.

The agreement reached in the early hours of yesterday morning for 80,000 employees at Philips provides for at least two extra days' holiday and voluntary early retirement from the age of 62. Similar concessions were made for the 24,000 Akzo workers and the Hoogovens staff.

Both the Philips and Akzo agreements are for one year, with the Hoogovens accord lasting for 15 months, until April 1, 1980. The steel concern earlier proposed a 27-month agreement, while at Akzo a four-year contract was proposed at one stage, although both unions and employers denied suggesting such a long contract.

Wage negotiations at the major international concerns have been frequently protracted, with the unions taking a critical attitude on multinational activities.

Warsaw Pact call for new talks

BY PAUL LENDVAI IN VIENNA

THE CALL of the Warsaw Pact Foreign Ministers for an East-West conference on disarmament in Europe is seen by observers here as an attempt to regain the initiative in breaking the deadlock in the Vienna force reduction talks while avoiding the issue of the Eastern bloc's military superiority.

The declaration issued last night in Budapest after the two-day Foreign Ministers' meeting, also deals with the so-called military confidence-building measures NATO wanted to discuss in the forthcoming 18th round of the mutual and balanced force reductions talks due to open tomorrow.

The communique of the East bloc Foreign Ministers repeated many previous appeals for a simultaneous dissolution of NATO and the Warsaw Pact.

The conference on "practical measures to reduce military confrontation and the armed forces and armaments in Europe" should be attended according to the pact blueprint by all European States, the U.S. and Canada.

It is expected that the Warsaw Pact will continue the propaganda offensive at a Press conference here tomorrow by the East German chief delegate, Ambassador Oeser, on behalf of the pact.

EURO ELECTIONS 79

Ballot for Assembly may be fresh blow for unlucky Liberals

BY ELINOR GOODMAN, LOBBY STAFF

IN BRITAIN, the Liberals have been preaching the European gospel longer than any of the other main political parties. They believed at the beginning that Britain should have joined the Community and they have never avered from that view even when it was unpopular.

This dedication to Europe is not likely to be rewarded by any seats in the Assembly for which it has campaigned for so long. It is a cruel irony of the British electoral system that the Liberals will be lucky if they win even one of the 79 European seats they are contesting.

Yesterday however, with an all too familiar refusal to accept defeat before it is an absolute fact, Mr. David Steel, the British Liberal leader, would not accept that the outcome of the Westminster election was an accurate guide to the results of the European poll.

He would not predict how many seats his party would win, but said they were going into the campaign with considerable confidence. In private, however, most senior Liberals acknowledge that the outlook is fairly gloomy.

Nevertheless, it is perhaps fitting that they should not only be the first of the three major British political parties to publish their manifesto, but also the only one to publish a joint document in close association with the other political parties in the Community which roughly share its political outlook.

The joint manifesto published in London yesterday is shared by all the 12 parties which together make up the European Liberals and Democrats group in eight of the nine Common Market countries.

The group, which was the third largest in the old European Parliament, is represented in governments of six out of the nine nations. The liberal grouping has furthermore gone considerably further than any of its rivals in trying to combine the sometimes divergent aims of the different member parties into a common—if occasionally rather vague—platform.

Roger Taylor

The Liberal Party line-up in London yesterday: David Steel, British Liberal Party leader, Lord Banks of the European Election Committee and Gunter Verhuegen of the German Liberal Party

More fundamentally, the 56-page "Programme For Europe" reflects the party's traditional belief in the development of a real European union as an instrument of peace.

Although the document contains some suggestions for reform in particular areas like agriculture, its general attitude towards the Community is very positive. Far from demanding curbs on the growth of Europe's powers, the Liberals want the Community to develop into a fully-fledged political union, complete with its own common European currency and stripped of the kind of barriers to trade over frontiers which they believe presents a practical obstacle to implementing the spirit of the Treaty of Rome.

As good liberals too they believe, however, that as many decisions as possible should be decentralised. The present powers of the European institutions should be redistributed and a uniform electoral system worked out to ensure fair representation to all European political forces at the European level. This is a lightly-veiled reference to the British Liberal Party's long-established ambition of introducing proportional representation, which has won the status of holy writ in Liberal circles.

The European Liberals and Democrats group is bound together, according to the manifesto, by a common belief in the importance of individual rights, and a common determination to challenge excessive concentrations of political and economic powers.

In this spirit, the British Liberal Party finds itself in the same bed as the Democratic Party of Luxemburg, the Free Democratic Party in Germany and two parties in France—the Republicans (PR) and the Radical Socialist Party.

The process of arriving at a common platform for all these parties, has not been without its problems and the manifesto shows, in places, the strains of having been produced by a committee. The parties may share some common ideals but they are divided on the issues they would like to dismiss as points of detail and which sister-parties might regard as major issues. Nationalism, it appears, is sometimes stronger than liberalism.

Farming

The Germans, for example, take a very different view to the British on farming policy. The result has been twofold. In some areas like Community finance it has led to a certain amount of fudging at the edges, while in others like agriculture, the British Liberal Party has had to accept less prominence for the reforms it favours than it might have given them in a strictly national manifesto.

The programme for Europe has been produced in two versions, one very detailed manifesto and another much shorter. The shorter version, which will presumably be read by far more people than the 56-page unabridged text, omits some of the things which British Liberals regard as most important.

Only by reading the small print in the longer version do you discover that the European Liberals support the principles of CAP while wanting some improvement in the way they are implemented. The group it says, supports "the idea of planned storage of basic foods" but it also advocates a more flexible system of market intervention, for products in surplus.

In general, much more emphasis is put on the need to move resources away from agriculture and into other areas than the need for root and branch reform of CAP.

MEMBERS OF THE FEDERATION OF LIBERAL AND DEMOCRATIC PARTIES IN THE COMMUNITY

Belgium: Partij voor Vrijheid en Vooruitgang, Parti de Reformes et de la Liberte de Wallonie, Parti Liberal Bruxellois.
Denmark: Venstre, Danmarks Liberale Parti.
Federal Republic of Germany: Freie Demokratische Partei.
France: Parti Republicain, Parti Radical Socialiste.
Italy: Partito Repubblicano Italiano, Partito Liberal Italiano.
Luxemburg: Parti Democratique.
Netherlands: Volkspartij voor Vrijheid en Democratie.
UK: The Liberal Party.

Full employment is the primary economic goal

BY OUR LOBBY STAFF

STEADY AND BALANCED growth of the economy together with the restoration and safeguarding of full employment are defined as the main objectives of the economic and monetary policy of the European Liberals. Equally important they say is the quality of life and the interest of the European Community. To achieve these objectives the group argues that it is necessary to rely "on both the dynamism of private enterprise and on flexible planning involving both trade unions and employers."

The ELP also says that in the long term it would hope to establish a common European currency within the framework of economic and monetary union. To achieve this union it says it is necessary to harmonise the rules concerning double taxation, public spending and social welfare. As a transitional measure to adopting a common currency the group advocates the introduction of a parallel currency.

The Community's aim must be the redistribution of wealth in Europe both within Europe and in the world, it says. It also argues fundamental importance of the fight against unemployment. "Full employment throughout the EEC remains the group's ultimate objective it says, but it recognises that technological developments and increasing competition from countries outside the Community constitute serious handicaps."

But it stresses that the aims of economic and social policy in Europe can no longer be achieved at a national level: political and economic unification are complementary.

The Liberal Democrats also emphasise that in their view the Common Energy Policy is indispensible in order to guarantee future energy supplies.

Plea for stronger union

FORMATION OF a stronger political union in Europe is one of the main planks of the European Liberals and Democrats' appeal to the electorate. The group says the supremacy of Parliament and its effective control over Government and the bureaucratic machine must be restored and upheld. The various levels of decision-making must be brought as close as possible to the people and its processes made simpler and clearer, it emphasises.

The present Community must be developed into a true union, it says. The powers of the European institutions should be redistributed to give a better balance between Parliament, the Council and the Commission.

The group also favours increased powers for the directly elected Parliament in relation to the Community budget and legislation. It believes, too, that the Parliament should have the right to nominate the members of the European Commission.

One of the most important tasks of the new Parliament, it says, should be drafting the Declaration of the Union on fundamental rights.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Spain acts to introduce energy crisis measures

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government yesterday pledged to establish a nuclear security council and introduce urgent measures to cope with the energy crisis. Of all European Governments, Spain's has been the slowest to react to the international shortfall in crude oil caused by the revolution in Iran, and tha scare over nuclear power after the accident at Harrisburg, Pennsylvania.

Introducing an energy debate in Parliament, Sr. Carlos Bustelo, the new Minister of Industry and Energy, said the measures were independent of the fate of the national energy plan (1977-87), which has yet to win Parliament approval after being in print for over a year.

Sr. Bustelo said the urgent measures would include incentives to save energy, realignment of energy prices, especially of fuel oil, a rationing plan for use in emergency, and e policy of stockpiling supplies for power stations. Spanish fuel oil is now priced about 30 per cent below the European norm, and a proposed price increase last year was postponed.

These measures, however, are already part of the plan. This suggests that it may now be buried, or rewritten. The Minister made it clear that tha Government had not changed its mind over nuclear power. The proposed energy plan talks of installing some 11,000 MW of nuclear power over the 10 years. Sr. Bustelo said that, without resort to nuclear power, Spain had no means of overcoming its dependence on oil. He said the main problem caused by the Iranian revolution was not so much the rise in prices, but the difficulty of obtaining adequate and regular supplies. This difficulty of supply raised the possibility of rationing in the not too distant future, he said.

The great advantage of relying on nuclear energy for future energy was its cheapness, Sr. Bustelo said. He also stressed the economic impact of proceeding with the nuclear programme, which has been stalled for over e year. Tha delay had led to Pta 150bn (1.11bn) worth of contracts being paralysed, he said. Reactivating the programme would create 35,000 jobs.

This suggests that the Government will now give tha go-ahead to three nuclear power stations on which work has already been begun, even though the Socialist and Communist parties are expected to oppose this with demands for a moratorium until safety standards in the three existing nuclear stations are examined. The Government in this respect hopes that the new nuclear security council will answer such objections.

Swiss warn of fuel rationing if nuclear programme is abandoned

BY BRIJ KHINDARIA IN GENEVA

THE SWISS Government warned in Berne this week that Switzerland will have to resort to "emergency measures," including fuel rationing, if opponents succeed in scuttling the country's ambitious nuclear energy programme.

Referring to the reverberations in Switzerland of the accident at the Three Mile Island nuclear plant in Pennsylvania, Mr. Willi Ritschard, Energy Minister, said a tightly controlled nuclear construction programme is the only way Switzerland can overcome tha energy crisis. This statement was spurred by a renewed campaign by residents of the Basle canton to force cancellation of construction of a nuclear power plant at Kaiseraugst, in the neighbouring Argovie canton.

A delegation from Basle met Mr. Ritschard earlier this month to demand that the Keisereugst plant should be scrapped, although private backers have already invested SwFr 700m (£196.8m), of which SwFr 500m is thought to be irretrievable.

Fearing loss of jobs, a delegation from Argovie canton followed the Basle opponents to ask Mr. Ritschard to protect tha Kaiseraugst plant.

Meanwhile, the Government has launched its own campaign to win over the doubters, who are still wavering between the powerful anti-nuclear lobby and calls from Government and industry to back nuclear power, in the run-up to a referendum next Sunday which will determino Switzerland's course in fulfilling its energy needs.

Strong opposition to further nuclear energy growth, fuelled by the Harrisburg accident, has so far temporarily blocked construction of three power plants —at Kaiseraugst, Verbois and Graben.

As a result, the industry's financial backers, who have already sunk millions into the projects, are demanding protection from federal authorities for their investments.

The Harrisburg accident came at an unwelcome time for the federal Government, which envisages a multi-million dollar programme to build nine nuclear power stations.

In a referendum last February, Swiss voters defeated an anti-nuclear lobby proposal to place authorisation of nuclear power plant construction in the hands of local authorities, rather than in tho hands of the Federal Government or private enterprise.

The current law dates from 1959. It allows enterprises to go ahead with construction after an automatic approval from the Federal Government, regardless of the views of local authorities.

The May 20 referendum will seek voters' support for a Government-sponsored revision to the 1959 law, allowing nuclear construction after a general approval by Parliament, backed by thorough Government investigation and a report by experts.

The experts must certify the builders' technical competence, and approve security measures, health safeguards and waste disposal systems. The builders must also prove that the nuclear plant is essential to meet the country's energy needs.

Robert Graham reports from Madrid on the Spanish Socialist congress

The rank and file demands a say

THE LEADERS of the three main political parties have consistently displayed one common feature during Spain's nascent democracy. All three have sought to impose their will from above and ignore the rank and file. Kitchen cabinets rather than party executives or formal congresses have determined policy.

This practice has been least challenged within the ruling Union da Centro Democratico (UCD) of Sr. Adolfo Suarez, the Prime Minister. Within the Communist Party there has been resentment, but little public sign of it. The resentment is greatest and most obvious inside the Socialist Party, Partido Socialista Obrero Espanol (PSOE), and seems bound to spill over into the Party's 28th congress which opens here today. A number of important delegations are determined to make the question of "internal democracy" a major issue.

With the Party facing the virtual certainty of four further years in Opposition after losing the March general elections, there is a desire among the rank and file to make the Party leadership more accountable. The leadership is seen as trying to impose a uniform view of Socialism, rejecting the concept of the PSOE as a Party that tolerates differences of opinion. A more serious accusation is that the leadership adopted a mistaken policy in the general elections—presenting itself as a moderate middle-of-the-road party, not a convincing party of the Left.

The debate on internal democracy is therefore about how and by whom Socialism is defined. It is perhaps appropriate that such a debate should take place on the 100th anniversary of the Party. The PSOE, founded on May 2 1879 in a Madrid tavern by 25 men, mostly printers, is the country's oldest political party.

The position of the PSOE leader, Sr Felipe Gonzalez, is not at issue. Considerable care has gone into presenting him as part of the PSOE heritage, juxtaposing his portrait with that of the founder, Sr Pablo Iglesias. He is the sole party figure with a truly national following. What other politician could claim to be known nationally by his christian name alone, "Felipe"?

Aged only 37, his youthful looks are almost a disadvantage yet this also gives him his public presence. He easily outshines his two lieutenants who, with him, form a triumvirate within the PSOE: Sr Alfonso Guerra, who likes to play the intellectual and "enfant terrible," and the portly Sr Enrique Mugica, who talks more about himself than Socialism.

Since the last congress in 1976, and throughout the delicate transition period, Sr Gonzalez has been primarily concerned—like his Communist counterpart Sr Santiago Carrillo—to consolidate democracy, to ensure that the Francoist state structure was dismantled, and to guard against the possibility of military action by the disaffected Right.

This has obliged Sr Gonzalez to act cautiously, avoid dogmatic statements and temper the Party's Socialist philosophy. He has presented the Party as responsible and capable of government. But he is having to convince not only the PSOE's own potential constituency of voters but also the Party's possible enemies on the Right who at the outset expected the worst from the Socialists and Communists. Sr Gonzalez has also been under considerable pressure from the International Socialist movement, especially the West Germans, to play things cool.

Supporters of Felipe maintain that during this period it would have been difficult to allow the Party base, which he knew was demanding a less compromising stance, to have a full say. His supporters say that the tripartite working arrangement between Srs. Suarez, Gonzalez and Carrillo was one of the key factors in the stability of the transition. For instance, Sr. Gonzalez's acceptance of the nationalist flag, not fighting for the republican one at the start of the constitutional debate, was hard for many militants to stomach. Yet it was an essential gesture of national conciliation.

However, during the past year there has been a growing weve of defections by card-carrying members and a number of expulsions or temporary dismissals. The expulsions have included members of local Party executives in Badajoz, Malaga, Madrid and Pamplona.

This disaffection has been provoked by three main factors. The style of leadership of the Gonzalez/Guerra/Mugica triumvirate, refusing to listen to the Party base, the moderate form of Socialism adopted by the Party, and a seeming refusal to accommodate the Socialist trades union, Union General de Trabajadores (UGT) as a significant element in the PSOE hierarchy.

Disaffection has been further exacerbated by the brusque way in which this has been treated. Sr. Guerra, used as the hatchet man, has acquired a reputation for sending brutal notes of dismissal, and earned no ona's love last autumn when he was quoted as saying that ten minutes of television was worth 20,000 militants.

Up until the general elections, such disaffection could have been written off as the result

Sr. Santiago Carrillo, left, General-Secretary of the Communist Party; Sr. Felipe Gonzalez, centre, leader of the Socialist Party; and Sr. Adolfo Suarez, right, Prime Minister

of a natural gap between the leadership's need for moderation and the rank and file's healthy militancy. But the PSOE leadership made an important, and in retrospect, perhaps erroneous, decision regarding general elections tactics.

The calculation was that Sr. Suarez stood a chance of being defeated, that the PSOE was ready for government and therefore a major effort should be made to capture the centre vote. To this end, the Party campaign slogans were virtually indistinguishable from those of UCD. Candidates with Left-wing views were frequently disregarded

The sole concrete difference between the PSOE programme and that of UCD was a commitment to nationalise the high-tension grid system.

This campaign cost the PSOE votes. There were desertions to the Communist Party and other smaller more radical Left parties like the Communist Revolutionary League (LCR). In the 1977 elections the PSOE obtained 118 seats in the Lower House of Parliament and 29.2 per cent of the popular vote. In March the PSOE, this time with the adhesion of the former Partido Socialista Popular (PSP), obtained 122 seats on the same percentage. However in 1977 the PSP had gained 4.48 per cent of the vote and six seats. Thus rather than an electoral gain, as presented at the time, it was a slight drop.

Sr. Gonzalez will be eble to present the municipal election result to the congress as a great Socialist victory. Now for the first time since before the Civil War there are indeed Socialist mayors in tho majority of Spain's major cities including Barcelona and Madrid. Yet here too the Socialists bavo suffered some creeping annexation from the Communists and just as importantly from the nationalistic parties in the Basque country and Andalucia. Sevilla for instance, considered a Socialist stronghold and tho native city of both Sr. Gonzalez and Sr. Guerra, returned an Adalucian nationalist mayor.

The feeling among several important Party workers is that the PSOE should have fought the elections on a Socialist ticket, presenting itself as the "Party of the Left"—fully prepared to face another four years of opposition. This failure allowed the Communist Party to present itself as the alternative on the Left, and raised its share of the vote to almost 12 per cent. Thus the rank and file want to see the PSOE reassert its historic identity as e class party that favours the achievement of a Socialist struggle through the class struggle. The PSOE must not abandon its identity with Marxism as the leadership is doing, some 90 delegations to the congress are expected to maintain.

But this confronts the PSOE with the qnestion of how it relates to tha Communist Party. Sr. Carrillo bas ebandoned Marxist-Leninism and has bent over backwards to portray the Spanish Communist Party as reformist not revolutionary. To survivo successfully on tho Left the PSOE bas to distinguish itself from tho Communists.

There are two developments which could make this more difficult. Firstly, the PSOE mada a special pact with the Communists in April laying down tho guidelines for joint co-operation in running those municipalities where the Left obtained a majority. (If this had not happened the Socialist success in tho municipal elections would have looked a lot less solid.)

This could ba the beginning of a more general political pact, until now occasionally sought by Sr. Carrillo but always rejected by Sr. Gonzalez. The German Socialists bave warned him against this and the example of the French Socialist Party is also a warning. The main hreak on such a pact et tho moment is that lu the new parliament the combined Left cannot defeat UCD and its allies.

Secondly, tha Socialist nnion, UGT, is losing ground to the Communist controlled Confederation of Workers Commissions (CCOO). The increasing organisational strength and political weight of CCOO at the expense of UGT is also weakening an important part of what should he the PSOE's natural constituency — especially if it sees itself as a class party.

Sr. Gonzalez does not have an easy path to tread. If he tolerates greater internal democracy then the more militant base could push the Party into a potentially dangerous long-term hattle with the Communist Party over who represents the Left. Yet if the base is ignored there could be more defections. The congress itself will be more a chance for the rank and file to let off steam. Any new directions will probably appear later.

OVERSEAS NEWS

Lebanon's Cabinet resigns 'for national reconciliation'

BY IHSAN HIJAZI IN BEIRUT

LEBANON'S Cabinet resigned yesterday to make way for a Government of national reconciliation. This was announced by Dr. Selim al-Hoss, the outgoing Prime Minister. He said the resignation had been accepted by President Elias Sarkis who called on the Ministers to stay on in a caretaker capacity.

The resignation came after two days of talks in Damascus between Mr. Sarkis and Mr. Hafez al-Assad, the Syrian President, on ways and means to ease the tension in Lebanon.

The state-controlled Radio Lebanon quoted Mr. Sarkis as expressing satisfaction with the outcome of his discussions with the Syrian President and claiming an identity of viewpoints. Reports in the Press here said, however, that the results of the talks were inconclusive. No details of a reported agreement between the two countries were released.

Dr. Hoss and his eight-man Cabinet of technocrats has been in office since December, 1976, which is the longest period any Government has been in power in Lebanon since independence 36 years ago.

One reason for the duration of his administration is that it has not been possible to form another Government before. Mr. Sarkis tried to find a replacement but failed a year ago, because of continuing political conflicts and divisions.

Dr. Hoss, who is favourite to form the new Cabinet, has said he believes conditions have improved sufficiently to bring about a Government of political and parliamentary leaders. The recent enactment of a new army law ensuring a more adequate Moslem-Christian balance in the forces could provide a starting point for renewal.

In his letter of resignation released yesterday, Dr. Hoss, a Moslem and former banker, said he felt a Cabinet of politicians could set the stage for national reconciliation so as to get Lebanon back on its feet.

Dr. Hoss has been under pressure from Parliamentarians to resign because, they say, his administration of technocrats can go no further towards solving Lebanon's problems unless feuding politicians reconcile their differences in a new Government.

Coincidentally, Lebanon's two main right-wing Christian parties, the Phalange and the National Liberal party, have announced a merger after three days of street-fighting between their militias that cost 25 lives.

But no rapid results are to be expected from the unity plan because of political, personal and structural differences between, and within, the two parties.

Britain's Cairo envoy in AOI talks

By Roger Matthews in Cairo

MR. MICHAEL WEIR, Britain's Ambassador to Egypt, met General Kamal Hassan Aly, Egypt's Defence Minister, yesterday to discuss the fate of the Arab arms industry in which British companies have substantial interests.

Saudi Arabia, Qatar and the United Arab Emirates, partners with Egypt in the Arab Organisation for Industrialisation, announced on Monday that the organisation was to be dissolved because of President Sadat's peace treaty with Israel.

A senior AOI official said yesterday that he did not think that Saudi Arabia fully understood the enormous legal and financial difficulties involved in trying to dissolve the organisation. These difficulties are likely to be increased sharply if, as expected, Egypt refuses to participate in the meeting called for July 1 to discuss how the AOI should be dissolved.

Major contracts

Apart from the complexities of breaking up the AOI joint venture companies involving Westland (helicopters), Rolls-Royce (Gem engines), the Dynamics Group of British Aerospace (anti-tank missiles), and American Motors (Jeeps), the organisation would also have to cancel at least 20 major contracts that it has with outside companies involving well over $100m.

One official commented: "This would involve a massive amount of work and probable legal action that would take years and years to unravel." Some of the foreign companies involved would also have to be compensated for future sales which had been guaranteed by AOI—an unusual contractual condition that was inserted to attract foreign participation. This would involve "really massive sums," according to AOI officials.

Egyptian officials are understood to be studying the courses of action open to the Government. It is believed that there are sufficient funds on deposit in Cairo to ensure that work can continue for at least [illegible] months.

Market lacking

It is possible that Egypt might attempt to continue with at least part of the AOI work, but funding would be a major difficulty. Egypt would also find it almost impossible under present circumstances to find an Arab market for its products.

It is also difficult to see how either Saudi Arabia, Ratar or the UAE could envisage transferring much of the work from Cairo, as Egypt has supplied both the factories for manufacture and assembly, and, more important, the bulk of the 15,000 AOI employees.

The biggest blow, however, accordin gto senior AOI staff, would not be financial. It would be the effect on Arab credibility in the Western world and the prospect of losing for ever the opportunity to develop an indigenous arms industry.

Kenya asks for $500m more aid

By David White in Paris

KENYA is asking for extra aid of about $500m over the next five years to make up for a continuing shortfall in its balance of payments, Mr. Mwai Kibaki, Vice-President and Finance Minister, said after a three-day consultative meeting of aid donors in Paris.

The country's "great difficulties" resulting from dearer oil and falling export commodity prices raised doubts about whether financial resources would be available, without this extra aid, to meet the 6.3 per cent annual growth target set out in Kenya's plan for 1979-83.

Mr. Kibaki said a number of countries and some international agencies indicated that they were ready to increase their contributions. The meeting, held under the chairmanship of the World Bank, would be followed by bilateral talks on specific aid pledges.

John Worrall reports from Nairobi: Tanzania yesterday increased the rice of petrol by one-third, with immediate effect. Kerosene, diesel fuel and jet fuel were increased by comparable amounts.

Israel's price index up 8.7%

By Our Foreign Staff

Israel's rate of inflation could reach 90 per cent this year if the rise for the first four months is allowed to continue unchecked. The consumer price index rose by 8.7 per cent in the single month of April. This brought the rise for the first four months to 25.4 per cent.

The April rise was, with two exceptions, the highest recorded since 1952.

The apparently uncontrolled rise in prices underlines the need for cutbacks in the budget, which have been proposed by Mr. Simha Ehrlich, the Finance Minister.

Press takeover by Khomeini followers

BY ANDREW WHITLEY IN TEHRAN

MOSLEM militants loyal to Ayatollah Khomeini appear ready to complete a take-over of Iran's news media and there are fears here that their aim is to muzzle criticism of the Islamic Republic's draft constitution when it is released for public debate later this month.

Members of the Islamic Association at Kayhan, the Persian language daily with the largest circulation, yesterday consolidated their hold on the newspaper after a coup on Tuesday which forced out nearly all the journalists.

Ayatollah Khomeini congratulated the workers on their action. He told a delegation from Kayhan that the nation expected the Press to write according to public opinion. The government would not allow the newspaper to "reduce the nation's sacrifices to nothing."

According to the journalists evicted from Kayhan, the Islamic Association which mainly represents the printers, had co-ordinated their action directly with Ayatollah Khomeini's headquarters.

Kayhan has been in serious financial difficulties since the revolution, largely because of previous heavy borrowing for modernisation. Its journalists fear that in its present weakened state their large publishing house could be bought up cheaply by Khomeini followers. The most frequently mentioned candidate to take control is Mr. Abol Hassan Bani-Sadr, a radical economist and key figure in the Revolutionary Council.

Mr. Bani-Sadr's earlier plans to bring out his own newspaper, championing the cause of the Islamic Republic, appear to have been dropped. Two new dailies to appear since the revolution, Bamead in Persian and the Teheran Times in English both follow a cautious pro-Khomeini line.

Of the remaining newspapers, Kayhan's main rival, Ettelaat, has already gone over completely to the camp of the Islamic Right.

The independent morning newspaper Ayandegan, the voice of the liberal middle class and intellectuals, suspended publication last Saturday.

Mrs. Gandhi to contest another southern seat

BY K. K. SHARMA IN NEW DELHI

MRS. INDIRA GANDHI is to contest a by-election for the Lower House of the Indian Parliament, the Lok Sabha, on June 17 in Thanjavur constituency, in the southern state of Tamilnadu. Her choice, once again, of a southern constituency suggests that she is still not confident of contesting a seat in the North which rejected her Congress Party in the 1977 election.

The former Indian Prime Minister was elected to the Lok Sabha from the Chikmagular constituency in the southern state of Karnataka last year. But she was unseated within weeks after being expelled by the House for breach of privilege.

The decline of Mrs. Gandhi's popularity in the North was demonstrated again yesterday when she organised a rally in Delhi to protest against the Special Courts Bill which has been passed to provide for her speedy trial on charges of abuse of power and corruption under emergency rule. The rally was poorly attended.

AMERICAN NEWS

Carter offers aid to California

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER yesterday offered the state of California a package of administrative measures designed to help it cope with the current petrol shortage, at a meeting in the White House with Mr. Jerry Brown, the state Governor.

Mr. Brown flew into Washington on Tuesday night demanding that the President tell him why California was being more grievously affected than other parts of the country.

The package was revealed by Senator Alan Cranston, California's senior Congressional representative. It increases the so-called "set aside" petrol allowance over which California has discretionary use from 3 to 5 per cent, steps up federal funding to help enforce the 55 mph speed limit, promised federal monitoring of oil industry refining and marketing operations in the West to try to ensure that petrol is not being withheld from customers in anticipation of higher prices, and pledged no federal objection if California wants to relax anti-pollution standards to conserve energy.

Senator Cranston said that Mr. Carter had also promised to appoint a special representative to work constantly with state authorities on a day-to-day basis in dealing with petrol shortages.

The state has already set up the "even-odd" system of petrol purchasing and on Monday Mr. Brown issued an order requiring half the state's garages to remain open at weekends, when the crisis has been most acutely felt.

Before his White House session, Mr. Brown warned that the Californian problem could well induce a countrywide economic recession unless dealt with instantly. He said, with a certain deliberate disingenuousness, that he was not about to pin the blame on President Carter or anybody else.

However, it is widely believed that the energy problem is one which Mr. Brown might use in promoting his own presidential ambitions, much as ha has turned the California taxpayers revolt to his own political advantage.

President Carter on Tuesday castigated the American public (and, inevitably, the Congress) for refusing to face up to the fuel shortage. He dismissed as "obviously a false analysis or premise" the suggestion that the current problems were the fault of the Federal Government working in collusion with the oil industry.

In fact, one agency of Government, the Federal Trade Commission, announced that the "current shortage may be contrived," and that it was investigating the situation.

In a concession to petrol dealers, the Energy Department said that it was reassessing regulations which might be holding down profit margins unfairly. An association of dealers had threatened to close down many garages later this week because of "unfair" Government laws restricting adequate returns.

Industrial production down 1%

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

INDUSTRIAL PRODUCTION in the United States fell by 1 per cent last month, the Federal Reserve reported yesterday—an apparent testament to the slowdown in economic activity.

This is the first monthly fall in the index since January last year and the steepest in four years. The Fed emphasised, however, that the decline was exaggerated by the impact of the two-week truck drivers' strike last month, which had a severe impact on the output of key items such as cars.

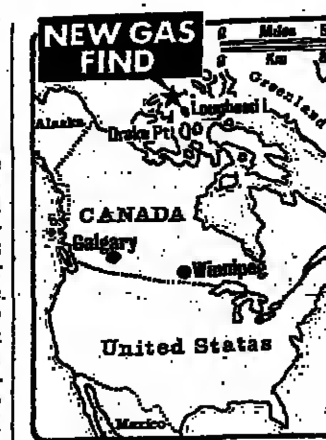
The output of consumer durables fell by 6.4 per cent in April compared with March, with car production dropping by 16 per cent. The car industry is reporting an 11 per cent decline in sales in the first ten days of this month, probably because of the petrol problem, and it seems likely that this sector's drag on industrial production will continue for a while.

There is, it is freely acknowledged, widespread disagreement in and out of Government on the severity of the fall in economic output, whether or not it will produce a recession.

In the first quarter of this year the U.S. gross national product (the output of all the nation's goods and services) rose by a modest 0.7 per cent at an annual rate, largely reflecting the bad winter.

But in the current quarter, the Administration confidently expects a rebound. Mr. Michael Blumenthal, the Treasury Secretary, has said that he expects an advance of at least 3 per cent in annual terms, before the economy settles down to more like a 2 per cent growth rate in the last half of the year.

The leading economic indicators, which chart future economic growth, have turned downwards for the last three months, technically suggesting that a recession is in the works. The April industrial production figures, even though exacerbated by a special factor in the Teamsters' strike, would tend to substantiate this.



Panarctic drilling success

By Victor Mackie in Ottawa

PANARCTIC OILS of Calgary has announced the discovery of a major new reserve of natural gas in the Arctic Islands.

"We are talking in the neighbourhood of four to five trillion cubic feet—conceivably double that" said Mr. Wilbert Hopper, chairman of Petro-Canada, the Federally-owned oil company that provides about 80 per cent of Panarctic's financing.

The largest previous discovery was at Drake Point, where reserves are estimated at 5.5 trillion cubic feet.

Mr. Hopper and Mr. Charles Hetherington, Panarctic President, told a news conference the well, Whitefish H-63, was drilled to 2,126 metres, and tested gas in two zones. One zone flowed gas at 8.1m cubic feet a day, with a spray of light condensate and no water. The well was drilled from a platform 40 kilometres west of Lougheed Island, about 3,000 kms north of Calgary. Warm weather forced an end to the drilling, leaving deeper potential zones untouched.

Mr. Hetherington said another well would be required to test the deeper formation.

The announcement was made by Phillips Petroleum Canada, Gulf Canada Resources and Panarctic, as operator, for the Arctic Islands exploration group. The group comprises Esso Resources Canada, Gulf Canada Resources, Panarctic Oils Petro-Canada.

● Reuter reports from New York: Mobil said yesterday that it had plugged and abandoned the Baltimore Canyon well on Block 17.

Court rejects equal rights suit

BY OUR U.S. EDITOR IN WASHINGTON

A FEDERAL judge in Washington has thrown out the controversial suit, brought by Sears Roebuck, the retailing concern, against equal employment programmes administered by the Federal Government.

Judge June Green commented: "Sears must realise that personnel policies reflecting earlier and more limited national attitudes must be modified to widen employment opportunities for all.

"To be sure, realisation of the national policy of genuine equal opportunity for all citizens is a formidable task, but not one beyond the notable skill and competence of Sears."

The Federal Government has for years been investigating charges that Sears's employment record covering minorities and women is less than perfect. It may now bring formal court action against the company.

The Sears suit, on behalf of all but the smallest shops in the country, sought to shift the blame for equal employment practices to the Government.

It claimed, for example, that earlier Government policies requiring, inter alia, that preference in employment be given to ex-soldiers, were responsible for unbalancing the workforce in favour of white males.

The suit had been interpreted as an attempt by a company to get the Federal Government off its back by challenging the host of employment regulations it administers as a result of the civil rights legislation of the mid-sixties.

The Sears suit was drawn up by Mr. Charles Morgan, a noted civil rights lawyer. It claimed that it was up to the Government, not the corporate sector, to enforce the full range of anti-discrimination statutes.

It is quite common these days to find civil libertarian lawyers taking up what, on the surface, appear to be unpopular causes—such as the Bakke and Weber suits and even the rights of Nazis to march in Skokie, Illinois — because of the libertarian issues involved.

Brazil to revive political parties

BY DIANA SMITH IN RIO DE JANEIRO

PRESIDENT Joao Baptista Figueiredo of Brazil has instructed leaders of the pro-Government movement, Arena, to draw up suggestions for the formation of new political groups. Since the 1964 military coup, only two political movements have been allowed: Arena and the essentially ineffectual Opposition, the Brazilian Democratic Movement (MDB).

The move comes as the Government has ended its intervention into the affairs of three powerful Sao Paulo metal workers' unions, whose leaders have been ousted. The unions accepted a wage settlement at the weekend.

The most concrete step taken to restart political parties has been the attempt, by two competing factions, to revive the former Brazilian Labour Party (PTB), whose most charismatic figure, Sr. Leonel Brizola, is still in exile.

The PTB, however, is likely to lack a broad basis of support. Labour leaders, particularly the metal workers' unions, have said that they are not interested in the rebirth of the "elitist" PTB, and are contemplating forming a labour party of their own.

Traditionally the political system has been corrupt, with votes won on a barter system of jobs or benefits promised in exchange for a suitable cross on a ballot slip. The public appears indifferent to the idea of legitimate parties after 15 years of compliance with Government directives by Arena and often unrealistic activities by the MDB.

Pressures on the Indonesian economy are examined by **David Housego**, Asia Correspondent

Harsh writings on the wall for President Suharto

A COUNTRY of immense natural resources, the only major oil producer in South East Asia, a market of 132m in one of the fastest growing regions in the world—there has never been a lack of impressively ringing phrases to describe Indonesia's potential. But performance, at least since the war, has never quite lived up to the usually exaggerated expectations that foreigners in particular, but Indonesians as well, have had of the country.

The neglect of the economy under former President Sukarno and his emphasis on prestige works and the leadership of the non-aligned resulted in an annual inflation rate of 650 per cent by 1966 when he was removed from power.

In the early 1970s Indonesia was caught up in the speculative fever that followed first the oil boom and then the fourfold increase in oil prices. It was not only Ibn Sutowo, the once flamboyant head of the state oil concern, Pertamina, which collapsed under $10bn of outstanding debt, and the foreign adventurers around him sustaining his costly dreams for the expansion of Pertamina, who were misled by the extent of the country's wealth.

The former Minister for Research, Mr. Sumitro Djojohadikusomo, in his influential book "Indonesia to the year 2000" also picked out in 1975 the leading growth sectors of the future as being in the capital-intensive, extractive industries — oil, minerals and timber. Since then, new mining investment has virtually dried up and many of the large capital-intensive projects, such as the Krakatau steel plant or the Asahan aluminium smelter, hold out little hope of producing sufficient spin-off in terms of new jobs or additions to the national income.

In the wake of these disappointments Indonesia is now having to make a further adjustment — one which has caught up with it sooner than it has with most other OPEC producers — of having to reduce its dependence on oil as one of the major boosts to economic growth.

Production dropped marginally last year to 1.6m barrels a day and is expected to decline by a further 5 per cent this year. The pace of new exploration is insufficient to offset the depletion of existing reservoirs. Domestic consumption, rising at 12 per cent a year, is further reducing the exportable surplus.

Since 1973 oil has accounted for about 55 per cent of Government receipts and of foreign exchange earnings. The Government's dollar earnings from oil, after expanding at an annual average of 66 per cent in the five years up to 1977-78, rose only by 6 per cent last year and were projected to rise in the budget for 1979-80 by 4.5 per cent.

The recent OPEC price increase will add more, but it is on such windfalls or the chance discovery of a medium-size field that the Government must now depend if revenues are to rise in real terms.

President Suharto's regime has increasingly been aware of the writing on the wall. The official priorities of the new five-year plan launched in April (Repelita III), and roughly coinciding with the President's third term in office, are on the traditional agricultural sector and the development of labour intensive industries—garments, electronics, the processing of rubber, timber and agricultural products—on which other South-east Asian states have forged the growth of their manufactured exports.

In November in an uncharacteristically bold gamble for a regime so acutely aware of the political dangers of high inflation, the Government announced a 33.6 per cent devaluation of the rupiah. This measure was part of the same strategy of attempting to achieve a fundamental shift in the economy towards increasing the competitiveness of non-oil exports and of reducing unemployment through reinvigorating the agricultural sector and labour intensive industries.

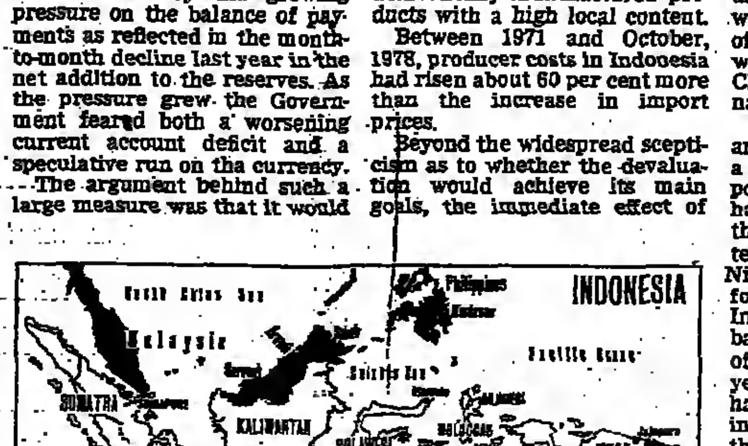
The fixed parity with the dollar which had remained unchanged since 1971 was abandoned and the currency allowed to float at an initial parity of Rp 625 to the $ as against the former parity of Rp 415 to the $—amounting to a 50 per cent increase in the number of rupiahs to the dollar.

The devaluation and the new plan initiate a period as critical in many ways as the post-Sukarno era when there was also a shift towards a more open economy and greater encouragement to private investment. They also represent a more realistic appraisal of Indonesia's potential and of a readiness to come to terms with its lengthy backlog of problems—of a country increasingly unable to feed itself, of a population likely to grow to 210m by the end of the century, of high unemployment — that were pushed into the background by the illusion of oil wealth.

The devaluation was strongly criticised in Jakarta for being far too large for the economy to digest and for the clumsiness with which it was implemented. Some measure of devaluation was almost inevitable.

With export receipts flattening out and imports still sharply rising, the current account deficit widened by 70 per cent in 1978-79 to $1.2bn. The timing was dictated by the growing pressure on the balance of payments as reflected in the month-to-month decline last year in the net addition to the reserves. As the pressure grew the Government feared both a worsening current account deficit and a speculative run on the currency.

The argument behind such a large measure was that it would restore to domestic producers the relative price advantage that they had lost to importers between 1971-78. As a result of the unchanged parity of the currency since 1971 combined with a rate of inflation precipitated by the oil boom that over the period ran well in excess of that of Indonesia's trading partners, the rupiah by November had become heavily overvalued.



This in turn gave a boost to imports and import-related industries (in the private sector the host of inefficient assembly plants that sprung up around Jakarta, manufacturing vehicles and household goods from largely imported components) while squeezing the competitiveness of non-oil exports and of domestically manufactured products with a high local content.

Between 1971 and October, 1978, producer costs in Indonesia had risen about 60 per cent more than the increase in import prices.

Beyond the widespread scepticism as to whether the devaluation would achieve its main goals, the immediate effect of such shock treatment was a wave of confusion and uncertainty that is by no means over. Private sector off-shore foreign currency borrowing by November was believed to have reached about $8-10bn meaning that the private sector took an overnight loss on the devaluation of $2-3bn.

Inflation has climbed to over 20 per cent on an annual basis with no certainty as to where prices will settle down. Labour is agitating for higher wages and pitching its demands in line with its inflationary expectations.

The jolt to the economy will almost certainly result in a short-term slowdown in the growth rate. Inevitably the devaluation has brought a sharp and arbitrary redistribution of wealth—threatening a revival of communal tensions as the Chinese community who dominate trade and industry.

The army commanders were angry at not being consulted in a measure with such large political ramifications and have had their confidence shaken in the group of technocrat Ministers led by Professor Widjojo Nitisastro, Coordinating Minister for Economic, Financial and Industrial Affairs to whom they have entrusted the management of the economy over the last 13 years. But popular grumblings have not yet been transferred into overt unrest. Nonetheless the five-year plan has got off to a shaky start.

The plan aims at an annual growth rate of 6.5 per cent which is marginally below the 7-8 per cent achieved over the last five years. These high rates were achieved mainly through a combination of heavy public investment and favourable oil and commodity prices. But volume increases in output of major agricultural cash and food crops—rubber, copra, maize, cassava (tapioca), groundnuts and soyabeans—have been insignificant.

An exception has ben rice where there has been a more encouraging growth in production over the last decade of 3.5 per cent a year. This has not however kept pace with the growth in consumption so that imports of 2-3m tons a year are likely to be needed by the early 1980s — frighteningly equivalent to a third of the world's trade in rice.

But even the 6.5 per cent growth target for the coming five years may be difficult to achieve unless there are continuing strong favourable shifts in commodity prices. After the rapid increase in Government revenues up to 1977 which provided a major stimulus to public investment and growth, there is unlikely to be a rise of more than 2-3 per cent a year in real terms after 1979/80 according to the World Bank unless there is a drastic improvement in the amount of taxation raised from domestic sources. Indonesia has a poor record on this score.

Much of the development budget is already committed to existing large-scale projects meaning that there may have to be cuts in new programmes. On the plus side there is a substantial unspent surplus from previous budgets and a pipeline of as much as $4bn in committed but unspent aid.

The Government has also gained a boost to its rupiah revenues through the devaluation though it is holding back from spending these to prevent further inflation.

Apart from the financial constraints on further public sector investment is the serious hurdle of the limited capacity of the bureaucracy to handle a large development budget. In response to complaints by donor nations that their funds are not being spent, the Government has promised a faster rate of project implementation which in turn would lead to faster growth.

But in spite of some moves towards decentralisation the bureaucracy is overloaded, inefficient in its procedures, understaffed, underpaid and as corrupt as any in Asia.

All this means that the Government is increasingly looking to the private sector to make good some of the shortfalls in public sector outlays. The response so far has not been encouraging. Though the devaluation has created a significant price advantage for labour-intensive industries and for the agricultural sector, this has not yet offset the deterrent to most foreign and local investors of the cat's cradle of licensing and customs procedures that can take a year or two to complete before a new venture gets off the ground.

The Government has promised to simplify investment procedures. But the longer the delay the more the risk that the devaluation will lose its way through the economy with the result that the once-and-for-all benefit of the devaluation will have been lost.

Against this distinctly bleaker outlook for President Suharto's third term, are the gains to agricultural production that should emerge over the longer term from the substantial investment in recent years in rural infrastructure (canals, roads and electrification). In spite of the threat to stability, Indonesia is also a far more quiescent country and less open to subversion than some of its neighbours.

But it is also prone to unexpected squalls like the mass killings of 1965 or the riots in Jakarta in 1974. It is the memory of these that cause occasional twitches of nerves.

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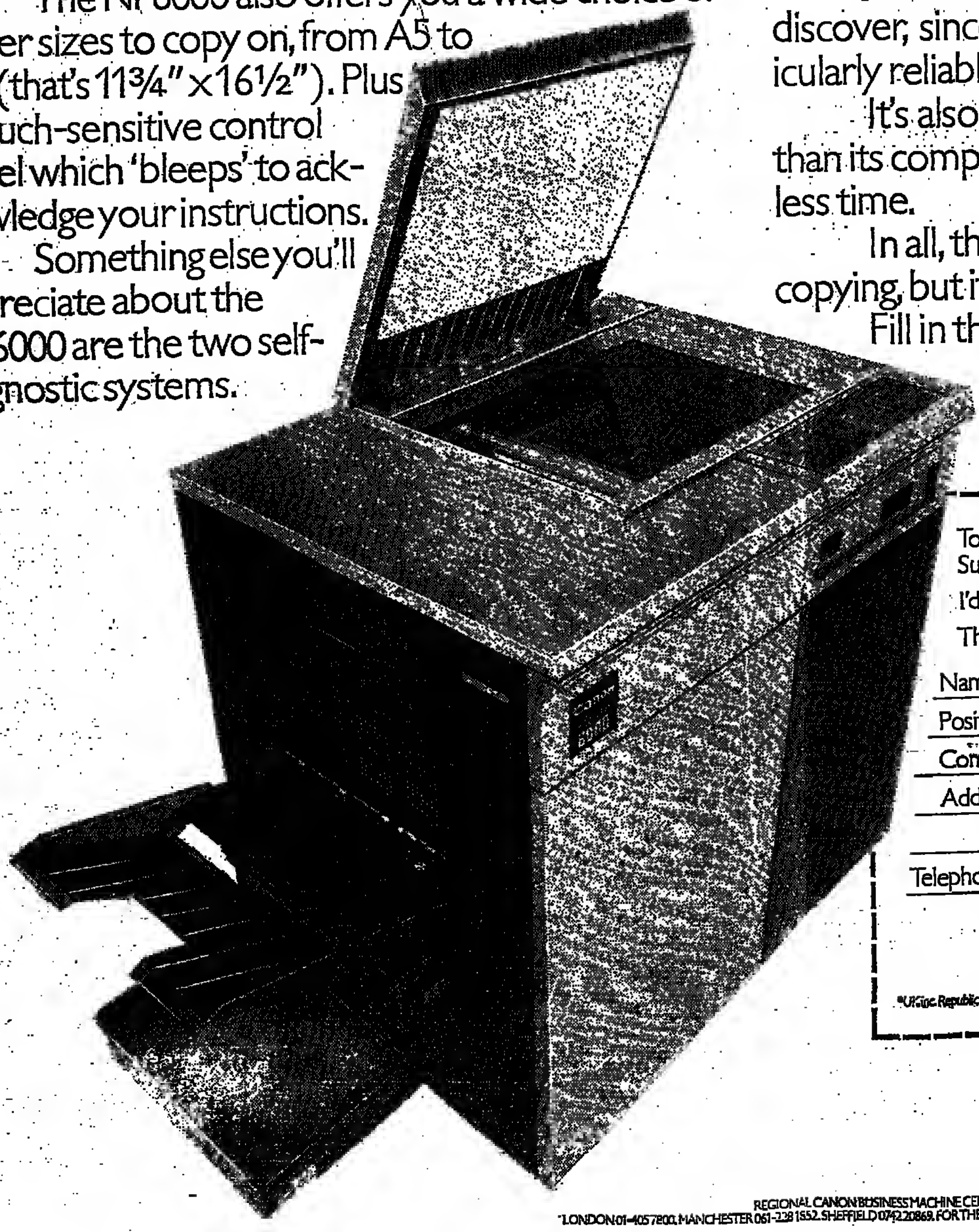

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WORLD TRADE NEWS

Comecon debt repayment plan hit by bad weather

BY LESLIE COLITT IN BERLIN

WEATHER CONDITIONS in Eastern Europe have been so extreme recently that they will affect plans to reduce the growth of Comecon indebtedness to the West by cutting imports, according to the German Institute of Economic Research in West Berlin.

Early this year Comecon industrial production was set back by sevare winter weather thst slowed the mining of soft and hard coal and caused power stations to sharply curtail output to industry.

Heavy flooding this spring in Poland and the Soviet Union has seriously delayed spriog planting and increased the prospect of even larger fodder imports from the West.

The institute notes that despite record grain harvests last year *in* most Comecon countries, they remained net importers of grain. The Soviet Union alone bought some 15m tonnes of grain and Poland 6m tonnes. Romania received a $110m U.S. credit to finance purchases of animal fodder.

The trade deficits with the West of the seven European Comecon countries rose $2.5bn to $10.2bn last year, the sharpest increase since 1975. The Soviet Union doubled its trade deficit with Western countries to $3.2bn but still manages to cover 80 per cent of imports hy its export earnings.

The other Comecon countries *are only able to pay for 68 per* cent of their Western imports with exports.

Poland, the institute says, which bas received Western credits of $17bn, was unahle to narrow its trade imbalance with the West. Although imports were cut by 2 per cent and exports increased 10 per cent, its trade deficit was $2.2bn.

East-West industrial co-operation agreements do not contribute significantly to boosting Comecon exports, the Berlin Institute finds. In Hungary, which has the largest number of co-operation agreements with Western companies, exports resulting from these agreements made up only 7 to 8 per cent of total exports to the West.

The Comecon trading partners of the Soviet Union were able to improve their trade balance with the Soviet Union last year despite continued increases in Soviet energy and raw materials prices.

Germans win £250m deal

BY ROGER BOYES IN BONN

FERROSTAAL, the West German company controlled hy Gutehoffnungshuette, bas won a DM 1bn (£250m) contract for the construction and supply of an 88-inch hot strip mill to Indonesia.

The deal, one of the largest overseas contracts in the company's history, is to be partly financed through s DM 300m credit signed between Deutsche Bank and the *Bank of Indonesia*.

Deutsche Bank, which bas joined with the AKA export financing body for the deal, declined to give the terms of credit. The bank does, however, bsve considerable experience with large-scale financing of Indonesian contracts. An earlier credit of DM 1.1bn was issued by German banks to the Bank of Indonesia in 1976 for a steel works at Koto Bajur and a power station.

The mill, which is part of Indonesia's drive to modernise its steel industry, is dua to have an annual output of 1m tonnes of steel coils and should be on stream hy 1982.

ECGD in first joint export credit for Airbus

By John Evans

THE EXPORT Credits Guarantee Department has insured its first loan in support of an Airbus Industrie contract since Britain rejoined the pan-European aerospace consortium.

ECGD has guaranteed a $13.5m loan which Midland Bank International has advanced to the Brazilian airline, Cruzeiro do Sul, for the purchase of two A300 aircraft.

A total $100m loan package has been arranged for the Brazilian carrier by Midland, Dresdner Bank and Credit Lyonnais.

The $13.5m is part of a $67.5m 10-year export credit facility, which is being supported for the first time on a joint basis by the ECGD, COFACE and Hermes, the latter two being the export credit insurance organisations in France and West Germany respectively.

In addition, a Eurocurrency loan of some $33m will supplement the total package. This facility is for 10 years, at a spread of 1¼ per cent over Eurodollar interbank rates.

Michael Donne adds: Indian Airlines has ordered two more A-300 Airbuses from Airbus Industrie, worth about $84m (about £42m), and has taken an option on two more.

At the same time, Boeing of the U.S. said in Seattle the airline had signed an agreement to buy seven 737 twin-engined short-range aircraft, worth about $80m.

The additional Airbuses for Indian Airlines bring total Airbus orders to date to 340 aircraft (213 firm and 127 options), of which 233 are for the A-300 (161 firm and 72 options), and 107 are for A-310s (52 firm and 55 options).

UK urged to raise imports

Financial Times Reporter

BRITAIN must be allowed to import goods from developing countries if it is to trade its way out of a recession which has endured for too long, Lord Ebbisham, president of the British Importers Confederation, said yesterday.

It was essential, he claimed, that emergent states be helped in the development of their economies so that they could afford to buy goods from British manufacturers.

U.S. official forecasts $8bn deficit with Japan

BY RICHARD C. HANSON IN TOKYO

RECENT U.S.-JAPAN trade figures point to a more reasonable trade balance by the end of this year Mr. Frank A. Weil, U.S. Assistant Secretary of Commerce said here yesterday. But he cautioned that Japanese shipments of cars may increase as a result of recent brisk sales in the U.S.

Mr. Weil forecast that the U.S. deficit this year on trade with Japan will be around $8bn and could be less if the present trends continue. This compares with a deficit of nearly $12bn registered in 1978. (Sir Roy Denman, the EEC Commission's Director General of External Affairs has predicted that the EEC deficit with Japan could widen this year to $8bn from the $6.4bn deficit of last year).

The U.S. and Japan have entered a "new era" in their trade relations, Mr. Weil said. From now on there will he more constant attention to the details of tha relationship and less public rancour.

The assistant secretary visited Tokyo this week for talks with Japanese officials and to announce that a Japanese ship, the Shin Sakura Maru, will be used to call at the main Japanese ports this autumn carrying a major U.S. consumer goods exhibition. In earlier days the ship was used to display Japanese goods around the world.

Turning to other matters, Mr. Weil said it could reasonably be assumed that the issue of opening the Nippon Telephone and Telegraph (NTT) and other government procurement systems to foreign bidding will be settled before President Carter visits Japan in June.

The U.S. is seeking a proper "framework" for such bidding he said adding that discussions on familiarising the U.S. telecommunications industry with Japanese needs are now underway.

ICI in dumping inquiry

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE U.S. Government is investigating allegations that the Imperial Chemical Industries (ICI) company has been dumping both caustic soda and titanium dioxide—a white pigment—in America.

The U.S. Treasury Department is carrying out separate investigations into the dumping of caustic soda and of titanium dioxide but ICI is the only European chemical group involved in both of them. Both the U.S. anti-dumping petitions name four European countries.

Companies in Italy, France, Germany and the UK have been accused of dumping caustic soda by Linden Chemicals and Plastics, a small U.S.-based concern. Now the German-based Chemischewerke Huls, the French-based Rhone-Poulenc and the Italian Montedison group are all being investigated for dumping caustic soda as well as the UK-based ICI.

Linden Chemicals claims that imports now account for 25 per cent of the north east U.S. caustic soda market.

Steel trigger price lowered

By David Buchan in Washington

THE U.S. Treasury has announced a 1.4 per cent average reduction in its minimum trigger prices for imported steel for the third quarter of this year—the first reduction since this price protection mechanism was introduced in early 1978.

Imports sold in the U.S. below the trigger prices can lead to anti-dumping investigations by the Treasury which has initiated four such inquiries since the system began. The trigger prices are based on the cost in dollar terms of producing steel in Japan, reckoned to be the most efficient steel-making country.

The reason for the third quarter reduction is the recent decline of the Japanese yen against the dollar which, though other Japanese production costs such as labour rates have gone up, has increased Japanese competitiveness in the U.S.

Trigger prices do not cover special steel imports, which have been separately regulated by quotas which are due to expire next month.

New services to France

By Frank Gray in Calais

CAVE WOOD International Transport has launched two new freight services to France, one of which will sharply reduce the shipment time of textile goods moving between the Midlands and the industrial area around Lille in North Western France.

Mr. Geoffrey Cave Wood, the company's managing director, said yesterday that for the first time the company will also be offering daily cargo shipment services to Paris.

This has been facilitated by Cave Wood's tie-in with Mitjavile SA, its French sister company. Both are part of the Tozer Kemsley and Gillbourne transport group.

The Paris bound goods will be grouped in Cave Wood's headquarters in High Wycombe and will pass through Mitjavile's own warehouse and distribution centre at the Pantin Customs clearance terminal in Paris.

W. German shipowners now more optimistic

BY ADRIAN DICKS IN BONN

THE WEST GERMAN shipping industry now sees some signs of improvement in the business outlook, even if it is too soon to speak of an end to the shipping crises, Herr Nikolaus Schues, chairman of the Federation of German Shipowners, said here yesterday.

Herr Schues said impulses for growth would come from the stronger tendency in the grain market, from the larger volume of coal that could be expected to move internationally, and from any lasting recovery in the steel industry. Against this must, however, be weighed the risk of over-capacity developing in the container ship fleet.

The federation expressed its appreciation of the subsidy programme for shipping and shipbuilding set up by the Bonn Government last winter, though it said the time was not yet ripe to judge its effects in practice.

Ratification of the proposed UN liner code is the ship owners' highest priority in terms of future policy, while Herr Schues also urged the Government to recognise the industry's huge DM 18bn (£4.6bn) past investment programme since 1969 by removing present tax anomalies.

He once again called for some form of exchange rate guarantee, analogous to export credit, that would allow the West German shipping lines some relief from a situation where the major part of their income was in dollars and the major part of their costs in D-Marks.

ALGERIAN OIL

Revenue to raise living standards

BY FRANCIS GHILES

ALGERIA IS to press for a 20 per cent increase in oil prices at the meeting of the Organisation of Petroleum Exporting Countries (OPEC) due to be held next month in Geneva. Algeria's recently appointed Minister of Energy, Belkacem Nabi, argued in an interview that "the price of energy is clearly below what it should be."

"*We think that the problem* of energy is becoming more acute and the best encouragement that one can give to the launching of a programme of energy substitution is to raise petroleum prices to a level that makes other energy sources profitable. We think that the politics of cheap energy is a trap."

It is expected that the increases in oil prices posted so far this year will earn Algeria's State oil and gas company, Sonatrach, a minimum of $1bn.

With the increase in the price of gas just agreed between Sonatrach and El Paso, of the U.S., for a contract signed in 1969, Algeria's oil and gas income can be expected to rise by at least a fifth, to $7.5bn this year.

El Paso has agreed to raise the price of liquefied natural gas (LNG) it imports from Algeria in the framework of a contract known as El Paso.

From July 1 the price of LNG delivered to El Paso will rise to $1.15 per million British thermal units (BTU) from the current level of 37 cents. El Paso's customers have agreed to the increase in the price but the agreement of the Federal Energy Regulatory Commission (FERC) in Washington, is still required.

An assistant in the FERC chairman's office said that it should be approved within the next few weeks barring any unforeseen difficulties as it is similar to the price rise recently agreed by the FERC for imports of LNG from Canada.

El Paso and Sonatrach have also agreed to increase the price of the gas exported to the U.S. to $1.75 per BTU by 1983 and review the price every three years.

The start up date for this contract which was signed in 1969 was in March last year. The target of exports envisaged in the contract is 10bn cubic metres per annum, but this level is not expected to be reached until the end of 1979. Today, an estimated 60 per cent of the gas contracted for is being provided.

At current production levels and prices, this contract earns Sonatrach $150m per annum. This figure will rise to $600m if the new prices are taken into account, and further once the target levels of production are met.

The increase in foreign income occurs at a propitious moment for Algeria's planners. The next economic development plan is currently on the drafting board, having been delayed by the death of President Boumedienne and the choice of his successor.

A shift in emphasis away from the problems of the heavy industrial sector is already visible. Housing, water and food distribution, transport, agriculture and fishing, will all be allocated a greater share of the country's resources.

At the same time the planners, managers and politicians will have to concentrate on ensuring that the 300 plants built in recent years increase their productivity from what are still often abysmally low levels.

The successful development of Algeria's hydrocarbon resources remains the backbone of the country's effort to develop its economy.

UK NEWS

Crash programme on new technology

BY JOHN LLOYD

A CRASH PROGRAMME to teach industrialists the facts of life about microelectronics was begun this week with seminars in London, Glasgow, Nottingham and Bournemouth.

Making this announcement, Department of Industry officials said that it was likely that the Government would "revise downwards" the £55m allocated to the microprocessor application programme, under which the seminars are conducted.

No decisions have been taken. It is expected that any savings in the scheme will come from the major part of it, about £45m, set aside for project support. Some £9m of this have been committed so far, with about the same figure "in the pipeline."

A further £70m allocated to the Microelectronic Industry Support Programme is thought relatively safe from pruning. Ministers will be advised to be chary of cutting in what the Department considers an important growth area, and encouraged to look for cuts in the "less exciting" sectors of industry receiving aid.

The official view is that all successful microelectronic industries have received substantial Government support—as the defence industry has in the U.S.—and that any distortions of a free market entailed must be borne.

'Full steam'

It was stressed that the awareness programme would continue "full steam ahead." The first seminars had reached 23 industrial leaders, and received high praise from the participants.

The response to invitations to seminars from the senior executives of the top 1,000 companies has so far been patchy, varying from a good 60 per cent response rate in some regions to about 30 per cent in others.

Mr. James Cooke, project director of PA Management Consultants, which is co-ordinating the programme, said that he hoped for a 50 per cent response at least by the end of the programme.

It will run in all the bigger cities, and last until July. It is aimed at a non-technical, senior executive audience.

The object is to stimulate awareness of increased profits to be made if the company invests in new technology, coupled with warnings of ruin that may follow from failure to do so.

In the course of the presentation, the participants are told that Britain is far behind the U.S. in the new skills — some 90 per cent of microelectronic-based products are imported mainly from the U.S. — but reminded that the UK is a world leader in production of software (computer programmes) and can succeed if it takes advantage of the new opportunities quickly.

It appears that the awareness programme has a heavy task ahead of it. According to recent Industry Department surveys more than 50 per cent of top businessmen neither know anything of the new technology, nor have plans to introduce it into their products.

Scots bid to attract investment in microelectronics

BY JOHN LLOYD

A NEW division to stimulate innovation and investment in microelectronics in Scotland, including a fund for venture capital, is being set up by the Scottish Development Agency.

This initiative is an early response to the publication last month of a major report on the Scottish electronics industry by the U.S. consultants, Booz Allen and Hamilton. The study recommended a co-ordinated promotional and funding effort both to attract overseas—especially U.S. — electronics companies, and to encourage Scottish businessmen and engineers.

The lack of such co-ordination was, it is believed, partly responsible for the SDA's failure to attract a £40m satellite manufacturing plant which will be established in the Irish Republic by the U.S. semiconductor company, Mostek. Announcing the decision in Glasgow yesterday, Sir William Gray, the agency's chairman, said that a venture capital element was necessary to encourage new developments in microelectronics, and to keep Scotland abreast of the field.

"Advanced technology enterprises require equity risk capital for start-ups and for introducing new products. In Scotland, such venture capital is difficult to obtain. There will, therefore, be a need to develop flexible financial packages to meet a diversity of requirements.

"The risks will be high and I have no doubt that some will fail; but I have also no doubt that, with agency backing, Scottish engineering will rise to the occasion."

The new division will be under the directorship of Mr. Keo Smith Its scope and precise aims have still to be defined. Its budget, too, is still undefined, and the whole package may require specific Government approval, because of the high risk involved.

The consultants' report, which was politely scathing about the multiplicity of agencies and authorities dealing with industry in Scotland and the UK generally, strongly recommended a streamlined, centralised approach on the model of the successful Irish Development Authority.

The report also pinpointed the U.S. as the major area in which inward investment should be sought. A team from the SDA has recently made a promotional tour of the U.S.

Booz Allen and Hamilton will shortly produce a report for the agency on the possibilities for inward investment in Scotland from Japan, which is thought to be optimistic about investment possibilities in certain sectors.

Prices body was harmful, says CBI

By Our Consumer Affairs Correspondent

A DETAILED summary of the reasons why the Price Commission had to be scrapped was published yesterday by the CBI. In a 40-page document, the CBI says there was no "justification for prolonging the existence of a harmful, unnecessary and costly policy and institution."

Instead the CBI suggests that the method of reducing the inflation rate should be a "combination of the correct macro-economic policies — monetary, fiscal and exchange rate policy, reform of pay bargaining, and by stimulating increases in productivity."

The CBI's document claims that the effect of the Price Commission on inflation "was so small as almost immeasurable—perhaps 0.1 per cent of the retail price index in the first year."

But the CBI said that price controls had a serious effect on profitability even when their effect on inflation was relatively minor, because profit was such a small part of the ultimate price of goods. "Thus a reduction in real industry profitability of 10 per cent would be an amount equivalent to less than 1 per cent of the value of consumer expenditure," says the CBI.

The CBI's long standing objections to the Price Commission, however, were answered by the Government on Tuesday when it was announced that the commission was to be scrapped and the Office of Fair Trading and the Monopolies and Mergers Commission were to be strengthened instead.

● Bread prices are to rise as expected from next week, following the Government's decision to scrap the Price Commission.

The two big bakers, Ranks Hovis McDougall and Allied Bakeries confirmed yesterday that the 2p on a standard loaf price increase which had been frozen by the commission will now go ahead as planned.

Jenkins praises Tory approach to EEC

BY MAURICE SAMUELSON

MR. ROY JENKINS last night urged the British public to drop its remaining inhibitions about the EEC and praised the Conservative Government's positive approach to the Community.

The British people had showed no desire to contradict this month what they said so clearly at the referendum in 1975, he told the Confederation of British Industry's annual dinner.

The former Labour Home Secretary, now president of the European Commission, added: "I welcome the way in which the new British Government has begun its task of underlining its essential commitment to the principles of the Community."

If Britain were tempted by "the other choice," that would show "an almost incredible inconstancy of purpose." As a bargaining card the hint of the threat of withdrawal, or of sullen non-cooperation, was useless, he said.

'Price freeze'

Britain had a good deal to bargain for in the Community. "The Common Agricultural Policy is in urgent need of being saved from its own distortions. A rigorous price policy, a price freeze for this year at least in surplus products, is essential if we are to rebalance the markets."

It was wrong to argue that without the CAP all problems of agricultural support would disappear. If Britain had stayed outside the EEC with her own deficiency payments system, it would probably have cost the British budget around £1.1bn in 1978.

Britain should also not remain aloof from the European Monetary System "oblivious of the lessons of our two previous late arrivals, into the Coal and Steel Community and into the Economic Community itself."

While admitting that there was a problem over Britain's contribution to the EEC budget, Mr. Jenkins said it should not be exaggerated. "Our total contribution to the Community budget last year was about £10 a head, compared with the total cost of government in Britain of nearly £1,000 a head."

Better off

"Even if we were so unfairly treated that we got nothing back directly, which is of course far from the case, we would still be better off than outside on our own, in the cold. But it is nonetheless very much better that we should be fairly treated, and I believe that that will be the case."

The British case needed, however, to be played with particular skill and in a framework of sympathy and goodwill. "We should neither abandon our determination to remove the remaining and substantial imperfections of the Common Market, which can be of great value to British industry, nor let the Treaties, in a Community which must be a Community of law, be blatantly ignored."

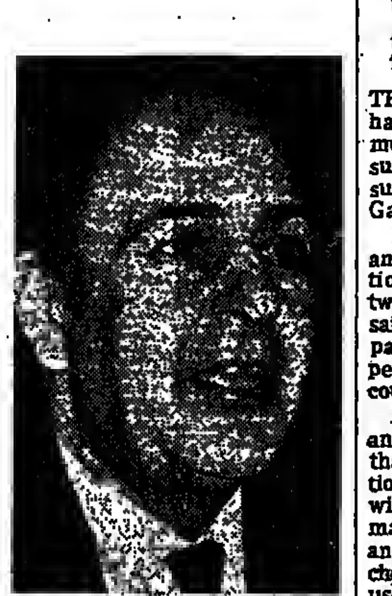
Coal use vital as oil price rises—Ezra

BY JOHN LLOYD

RISING OIL prices, and the limited resources of the North Sea, meant that "we must continue to develop our enormous coal reserves," Sir Derek Ezra, the National Coal Board chairman, said yesterday in a strong plea for continued state support for the industry.

Addressing the Coal Merchants Federation, he said that it had been "a terrible winter" for the board, largely because of the very cold weather and a series of transport disputes.

This bad resulted in a sharp drop in production, and problems of supplying coal merchants with the grades of coal they wished.



SIR DEREK EZRA . . . pushing coal again

Programme

However, the NCB had launched a detailed programme to serve the interests of the domestic market. The 65 key pits which supply three-quarters of the 7.5m tonnes a year house coal market are mounting a sustained summer campaign to improve tonnage and range of qualities in readiness for the winter demand.

A management team, headed by Mr. Donald Davies, the board member for marketing, will monitor the progress of the scheme month by month.

Sir Derek told Mr. John Moore, the new junior energy Minister in charge of coal policy, who was in the audience, that he hoped the Government would confirm the NCB's plans and targets to the end of the century.

On the growth in the domestic market, the future of coal as a means of home heating had never been more assured.

Earlier, Mr. Rex Rose, the new president of the Coal Merchants Federation, said that merchants hoped for a "substantial stockpile of good quality domestic coal" to be laid down soon.

"But supplies by themselves are not enough. A real effort must be made to stabilise the price of solid fuel on the market."

'Legal force for energy saving'

By Kevin Done, Energy Correspondent

THE GOVERNMENT might have to resort to mandatory measures to ensure that consumers reduced energy consumption, according to British Gas.

In a paper presented to the annual meeting of the Institution of Gas Engineers yesterday two British Gas sales managers said that the "Save It" campaign had resulted in only a 6 per cent reduction in the country's energy consumption.

According to Mr. C. McNeill and Mr. B. Fowler: "It may be that the Government's educational and exhortation approach will have to be reinforced by mandatory measures to achieve and sustain a widespread change in attitudes affecting the use of energy."

Generally, the response of industry to the campaign had been confined to "good housekeeping measures" involving low-cost projects rather than investment in new but proved technology where major opportunities existed for fuel saving.

Industry had taken more action to save energy than domestic consumers.

Industry's response to investing more in energy saving equipment would depend on how fast fuel costs rose. Many industrial consumers required pay back periods as short as a year or 18 months for optional investments in energy saving projects.

Ex-Lloyd's chief takes part-time directorship

BY JOHN MOORE

SIR HAVELOCK HUDSON, former chairman of Lloyd's of London, is to take a part-time directorship with a new underwriting agency company to be formed by two ex-underwriters of Alexander Howden Group, the insurance concern.

The underwriters are Mr. Patrick Salt and Mr. Keith Rust, who are both marine insurance specialists. They have both resigned from the Alexander Howden Group. Mr. Kenneth Grob, Howden's chairman, said that they "have decided to do their own thing. We are sorry to lose them."

Mr. Grob indicated that the two underwriters probably underwrote £2m of premium income in the last year.

Sir Havelock Hudson retired on April 4 from Hudson and Verno, an underwriting agency company of the Howden Group, on reaching 60.

Sir Havelock was chairman of Lloyd's from 1975 to the end of 1977. Before the new agency company can be created it will have to receive the approval of the ruling Lloyd's committee but that was expected to be a formality.

EMI develops radio wave scanner to fight disease

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW METHOD of diagnosing disease has been developed by EMI. Clinical trials are expected within a year.

The new technique uses radio waves to generate images of inaccessible parts of the body—such as the brain—by a process known as nuclear magnetic resonance.

Dr. John Powell, vice-chairman of the EMI group yesterday, displayed a sharp image of a living brain obtained in this way at his company's central research laboratories near London.

The method is revealing properties of the grey matter different from those obtained by the company's EMI-Scanner. If information on these properties proves useful in diagnosing disease, the technique will mean an end to the need to dose the patient with radiation.

Dr. Powell said that engineers believed that medical electronics were still only at the threshold in diagnosing and treating disease. He described ways of combining the latest systems with radiation so that the source of diseases—such as tumours—could be attacked with greater precision than with a surgeon's scalpel.

EMI announced yesterday the success of clinical trials with a new high-resolution facility for its EMI-Scanner, in which the scanner is linked to a computer. The instrument examines brain tissue without exposing the patient to greater X-ray doses. It is being tested at the National Hospital in London, at Manchester University Medical School, and at University College Hospital in London.

Magnificent men in their pedal machines

By Michael Donne, Aerospace Correspondent

A GROUP of U.S. aviation enthusiasts, led by Dr. Paul MacCready, is planning to fly the English Channel in a "man-powered" aircraft—in which the pilot will pedal to turn the propeller.

They will bid for a £100,000 prize put up some time ago by Mr. Henry Kremer, an industrialist. It is being held in trust by the Royal Aeronautical Society.

In 1977 the U.S. team won a £50,000 prize given by Mr. Kremer for a sustained man-powered flight around a figure-of-eight course of 1.15 miles.

After that flight in California, the Royal Aeronautical Society sponsored the cross-Channel competition. The rules say that the aircraft must be heavier-than air; it must be propelled along by the power of the pilot or crew; it must not fly higher than 160 ft; and the flight must be continuous.

Dr. MacCready's team calls its aircraft Gossamer Albatross. Made largely of wood and plastic, it weighs only 55 lbs. It is proposed to make the 22-mile journey at an average speed of 11 miles an hour at a height of 30 ft.

Dr. MacCready and his team will be relying not only on the leg-power and endurance of pilot Mr. Bryan Allen, who flew the earlier aircraft, Gossamer Condor (now in the Smithsonian Institution), to win the original £50,000 prize but also on a spell of windless weather. No date has been set for the attempt, but it could be soon.

The Gossamer Albatross is a monoplane with a wing-span of 96 ft—wider than that of a DC9 jet airliner. The single propeller is connected by a chain drive to a bicycle-like pedalling device in the cockpit, operated by the seated pilot.

The U.S. team's attempt is being underwritten by the American Du Pont company, which makes key components in the aircraft.

Glaxo defends drug attacked by Lancet

BY SUE CAMERON, CHEMICALS CORRESPONDENT

GLAXO, the UK-based pharmaceutical group, has reacted strongly to a suggestion that one of its most successful antibiotic drugs should be withdrawn from the market because of dangerous side-effects.

The Lancet, the British medical journal, says there seems to be "good" evidence that an antibiotic drug called cephaloridine can damage the kidneys. Cephaloridine, the first of a group of antibiotics known as cephalosporins, was developed by Glaxo and put on the market in the UK in 1964. The drug, which the company now sells all over the world except in the U.S., is thought to account for as much as 15 per cent of Glaxo's profits.

Yesterday, Glaxo, which markets cephaloridine under the name Ceporin, said it was true that there had been a few cases of cephaloridine causing kidney damage. But it said that these had occurred only when the drug had been "misued."

"Over the years the properties of cephaloridine have become known and understood more fully and it has become clear that when used properly the antibiotic is safe," Glaxo said. It added that the drug had only had the side effect of causing kidney failure when given in "excessive" dosages or when not properly adjusted to the needs of individual patients.

Glaxo said that adverse side-effects to the drug had been reported in recent years. It was "unjustified to suggest that this antibiotic should be withdrawn."

The Lancet's attack on cephaloridine is strengthened by the fact that it clears all the other drugs in the cephalosporin group except one—cephalothin. It says "the case against cephalothin is still not proven" and adds that the other cephalosporins are "among the safest drugs available."

Glaxo, which had pre-tax profits of £86.364m in the year ending in June 1978, said it still made "substantial sales" of cephaloridine even though the drug had been on the market in the UK for some years.

Equity bank in new drive for company custom

BY TIM DICKSON

EQUITY CAPITAL Industry, the City's equity bank, is adopting a much more direct marketing approach to companies which might make use of its facilities.

This emerges today from ECI's annual report for the year to March, which claims that the latest initiative has so far been well-received and that "constructive discussions" have been held with some 70 companies.

ECI, set up in 1976 by the investing institutions, has striven to establish itself as a significant provider of finance distinct from more conventional market sources.

The report concedes that the initial experiment was "marred by lack of understanding." Referring to a market survey last autumn for ECI, Lord Plowden, the chairman, says that the findings showed ECI was either unknown or its role misunderstood."

"During our first two years," he says, "we relied upon the financial community, notably in London, to explain ECI and its aims to the companies in our 'catchment area,' namely those companies with a market capitalisation in the bracket £1m-£40m."

To remedy this the directors have instituted a programme of direct approaches to tell a number of companies at first hand of ECI's range of facilities.

Lord Plowden adds: "Discussions make it clear that there is a variety of circumstances that cannot adequately be met by a simple rights issue through the market. We are therefore developing a flexible range of facilities all grouped round ECI becoming a significant minority shareholder."

Criteria

Mr. Alan Barrett, managing director of ECI, gave details at a Press conference to launch the report of the type of company his bank is interested in approaching.

There were, he said, four possible criteria: cash-hungry companies developing fast; family-controlled companies; companies which have high borrowings in relation to shareholders' funds, but which are not critically overgeared; and companies whose margins show evidence of deteriorating.

The bank has opened files on 700 companies meeting one or more of these specifications, out of which about 200 have been contacted.

It is backing seven companies, including James Neill Holdings, in which earlier this year it took an 11.6 per cent stake.

So far one of its investments, Bond Worth, has gone into liquidation, while another, Brittains, has had a subsidiary go into Receivership.

ECI's report shows that its combined gross income of £4.2m was virtually unchanged from the previous year. The proportion represented by income from investments, including underwriting, has increased from £0.2m (6 per cent) to £800,000 (19 per cent).

The gross return on capital is marginally higher than in 1977 at 10.3 per cent (102.2 per cent).

Studies of pension funds and tax impact planned

BY DAVID FREUD

THE INSTITUTE of Fiscal Studies plans to conduct in-house studies on growth of pension funds and impact of taxes, benefits and expenditures on income distribution, it said yesterday.

In its annual report the institute said the two studies would be directed by Mr. John Kay, appointed research director last year.

A report by Dr. Wilfred Beckerman and Mr. Steve Clark on the impact of social security programmes on poverty is due for publication later this year.

Other studies in progress cover interaction of monetary and fiscal policy and the fiscal implications of devolution.

Curbs urged on sales

THE Office of Fair Trading has written to local trading standards offices urging steps to curb unfair trading practices in certain operations of one-day sales.

The move follows criticisms of these sales as conducted in such a way as to persuade consumers to buy goods which are defective or poor value for money. Practices are said to include dubious or misleading price comparisons, false promotional techniques, and advertising very low-priced goods which are never offered for sale.

Creditors ask for Bloom to be made bankrupt

MR. JOHN BLOOM, the former manufacturer of cheap washing machines, should be declared a bankrupt — a creditors' meeting decided in London yesterday. The Official Receiver, Mr. Derek Thorne, said the application to make him bankrupt would be made at a later date at a private hearing before a registrar.

Mr. Bloom, who has not been seen by the Official Receiver, had a receiving order made against him on March 30. It was on the petition of the liquidator of Mr. Bloom's former company Rolls Razor. The claim was for £172,861.

The bankruptcy papers were served personally on Mr. Bloom at his then home, 1960 Carla Ridge, Beverley Hills, California. The Official Receiver said he understood that the house had since been sold.

The liquidator's claim was the only proof of debt received for the meeting. Mr. Thorne said his office had been told of possible other debts in America. One was from Mr. Bloom's former landlady. The claim by the liquidator of Rolls Razor resulted from an agreement which Mr. Bloom after the company crashed.

Mr. Thorne said it was a complicated package deal under which Mr. Bloom agreed to pay £250,000 of any claims which might be made against him by Rolls Razor Ltd., Electromatic Washing Machine Company Ltd., E. M. Maintenance Ltd. and Boylock Electric Ltd. Those companies went into liquidation in the sixties.

Mr. Bloom had paid £57,400 under the agreement. The liquidator had also seized dividends due to Mr. Bloom from another company, leaving the balance now claimed of £172,861. The meeting left the matter in the hands of the Official Receiver as trustee.

Daniell's Voyage Round Britain fetches £13,000

SALEROOM

BY ANTONY THORNCROFT

A COPY of Daniell's Voyage Round Great Brain begun in the summer of 1813 and published between 1814-25 in eight volumes, sold for £13,000 in Christie's sale of travel and natural history books yesterday. An additional 10 per cent in buyer's premium and 0.8 per cent VAT must be added to the hammer price. The sale totalled £107,922.

Other good prices were the £6,800 for a copy of Johnson's Historical and Descriptive Account of Antigua," published in 1830, while Hammond paid a similar sum for Levaillant's Historie Naturelle des Oiseaux d'Afrique, with 300 hand-engraved plates.

The silver auction at Christie's brought in £88,810. The top price was the £6,000 from Koopman for a George I oblong tea caddy, made in 1724 by Paul da Lamerie. A pair of George II plain oval sauceboats of 1748, also by De Lamerie, realised £3,200, while a silver gilt box with seven miniature skittles and a ball, made in 1670, sold to Phillips for £2,600.

There were two minor sales at Sotheby's, modern British paintings making £42,082, with a highest price of £2,400 for *Sunlight Aloft* by Arthur Briscoe, and at Belgravia furniture bringing in £30,932, with a best of £1,100 for an oak cupboard of the late 16th century. Christie's South Kensington also sold furniture, bringing in £50,383, with a high of £2,160 for a French giltwood five-piece suite.

UK banks have adequate capital backing

BY MICHAEL LAFFERTY

BRITISH BANKS are not under-capitalised and are better off than banks in other countries, according to Mr. Malcolm Wilcox, a chief general manager of Midland Bank.

His remarks come at a time when the Bank of England is known to be reconsidering its guidelines on capital adequacy for banks operating in the UK.

In his presidential speech to the Institute of Bankers yesterday, Mr. Wilcox said that the basic functions of capital in banking have not changed over the century since the Institute was founded.

"Capital is required to support the banking business, to permit its expansion and to cover fixed and intangible assets.

"To enable their businesses to survive and grow, it is essential that banks should be able to generate a level of earnings adequate to build up reserves, to make fair distributions to their shareholders and to encourage further investment."

The proportion of capital to deposits in a bank was an important measure of capital adequacy, since it gave an indication of the extent to which depositors were underpinned.

"In any consideration of the use of funds, moreover, it is axiomatic that fixed and intangible assets should be covered by capital resources with something to spare.

"The balance of total capital, normally termed 'free capital,' is what is thus available, to support the banking business and to meet unexpected losses."

These pointers to financial strength had to be considered in relation to the varying degrees of risk involved in the spectrum of bank assets and contingent liabilities off the balance sheet.

Discussing how capital should be defined, Mr. Wilcox acknowledged that "a debate presently continues over the status of certain types of provision for loan losses"—a reference to suggestions that the clearing banks' general provisions are really part of capital.

What no one disputes, he said, is that capital resources should not include specific provisions for losses on particular accounts, made on the basis of full cover for bad and doubtful debts."

However, there was a very proper desire in British banking to preserve the sanctity of established capital resources and a general provision of reasonable size played a supporting role in this regard. "How else can one prudently state that the advances' portfolio—a paramount asset—is not overvalued?" Mr. Wilcox asked.

Lex, Back Page

Reservoir cost rises by £14m

THE COST of building the Kielder Reservoir to supply water for industry on the Tees side and Wearside has risen by £14m to £129m, the Northumbrian Water Authority said yesterday.

The increase is mainly due to inflation. Work on the main dam should be completed next year and water supplies will begin in the summer of 1981.

British Midland flies 50% more people

BY RHYS DAVID, NORTHERN CORRESPONDENT

BRITISH MIDLAND AIRWAYS is claiming a 50 per cent increase in the number of passengers carried on its scheduled services from Liverpool airport where it took over routes previously operated by British Airways in November.

The privately-owned airline is also forecasting that losses on the routes out of the airport will be eliminated during the first year of operation, providing there are no unexpected external factors, and that the airport authority's deficit, which has been running at about £1.5m a year, will be substantially reduced. British Airways' own losses on Liverpool services are estimated to have been about £500,000 a year.

Mr. Michael Bishop, chairman of British Midland, said in Liverpool yesterday that the recovery in passenger numbers was vindication of the airline's view, expressed at the time of the route take-over, that passengers could be encouraged back if they were offered a choice of routes and frequent reliable services. Flights to and from London have been increased from two to five a day since the take-over.

The total number of passengers carried on scheduled services since last November was 110,550, compared with 53,300 in the same period a year earlier. The airport was closed, however, for 11 weeks in 1977-78 as a result of a strike. Only the quarter from February-April provides a direct comparison with the previous year.

The main increases in traffic have been on the Liverpool-Belfast routes, where passengers trebled, and on the Heathrow service, where it more than doubled. Advanced bookings on the seasonal service to Jersey are also reported to be up three times on last year. New routes are now planned by the airline to Glasgow, Aberdeen, Amsterdam and Paris.

As well as benefiting from the increased business attracted by British Midland, Liverpool Airport is also enjoying a temporary boost as a result of the night closure of Manchester Airport for runway work.

All flights into and out of Manchester between 11 pm and 7 am have been suspended for this summer and next to enable the runway to be lengthened and strengthened. This has already resulted in the diversion in one month of more than 500 aircraft.

Closing of wealth gap 'still too slow'

BY DAVID FREUD

AN ATTACK on the unequal spread of wealth in the UK was launched yesterday with the publication of a book called The Wealth Report.

The book is edited by Mr. Frank Field, Labour MP for Birkenhead, who is closely involved with the Low Pay Unit and the Child Poverty Action Group.

In the introduction he argues that because poverty is relative, the debate on it should not be confined to what is happening to the poor.

The report will be followed by other similar studies on health, education, jobs and mobility, as well as the distribution of privileges according to sex.

Mr. Field says wealth now is not much more evenly spread through the community than in the past.

His figures show that the share of total wealth held by the richest 1 per cent fell from 28.1 per cent in 1972 to 24.3 per cent in 1976, while the equivalent fall for the richest 10 per cent was from 67.3 to 60 per cent.

Over the same period the wealth held by the poorest 80 per cent of the community rose from 17.6 per cent of the total to 23.8 per cent.

Mr. Field says that the inequality in the distribution of earned income pales into insignificance when compared with the share-out of unearned income.

The top 1 per cent of earners gained 5.3 per cent of all earned income together with 34.4 per cent of investment income in 1976.

The top 10 per cent gained 26.7 per cent of all earned income and 63 per cent of unearned income, while the bottom 30 per cent were credited with only 9.5 per cent of earned income and 4.7 per cent of unearned income.

The Wealth Report: edited by Frank Field; Routledge and Kegan Paul; £6.95.

Process workers may be on way to shorter week

BY NICK GARNETT, LABOUR STAFF

CHEMICAL manufacturers have agreed to alter the industry's national pay and conditions agreement so that individual companies can reduce the 40-hour working week for process workers.

Although there are some very tight restrictions in the employers' proposals, the unions see the move as a major breakthrough in attempts to reduce working hours in heavy industry.

The proposals are part of a pay and conditions package negotiated between the Chemical Industries Association, which has 350 member companies including the majors, and the unions.

The package, which includes pay improvements estimated at about 14 per cent of the industry's wage bill is being sent out for discussion among the workforce with no recommendation from union negotiators.

The pay offer, which covers almost 80,000 workers, involves 12.5p per hour new money on national minimum rates together with the transfer of 5p onto these rates from locally-negotiated pay increments.

The association said yesterday that it had proposed the setting up of a procedure to cover any chemical company which was introducing fundamental new technology and which believed that this could best be done by negotiating reduced hours.

An added proviso is that unit-labour costs under such a reduction must not increase. The proposals involve the setting up of a joint committee to which individual companies would have to apply for a reduction of hours and on which both the employer and the union representatives would have to agree before the reduction went ahead.

The association said yesterday that the proposals were geared to changes in hours under very restricted circumstances and did not imply any general recognition that there was a case for a shorter working week.

Mr. David Warburton, General and Municipal Workers' national officer and chairman of the union side which also includes the Transport and General Workers and the Union of Shop, Distributive and Allied Workers said it was the first major step towards cutting unemployment.

Teachers' pay review approved

By Michael Dixon, Education Correspondent

GOVERNMENT approval for reference of schoolteachers' pay to the Comparability Commission was given in London yesterday by Mr. Mark Carlisle, Secretary for Education and Science.

The Department of Employment stated later that the approval was "without prejudice" to an impending Government ruling on the commission's future.

But leaders of teachers' unions and local education authorities expect that the commission will be kept open to deal with any further references of public-sector claims still outstanding in the current pay round.

The Education Secretary's move virtually guarantees the resumption tomorrow of the Burnham Committee's negotiations on the 36.5 per cent pay claim for 483,000 state-school teachers in England and Wales.

Subject to a Cabinet decision today, the Burnham employers' panel is expected to improve its offer of increases backdated to April 1 of 8.7 per cent for straightforward rises and 0.3 per cent for amendments to the pay structure, plus payment of any award by the Comparability Commission, half from April, 1980 and the rest a year later.

Settlement on this basis would end the withdrawal from nonteaching work by the 258,000-member National Union of Teachers whose votes control the Burnham unions' panel.

By contrast, the 112,000-member National Association of Schoolmasters and Union of Women Teachers is working a five-hour day because it opposes a commission-reference, and wants the dispute sent to arbitration.

The NAS-UWT said yesterday that it would boycott tomorrow's talks unless it was clear that the employers would offer significant improvements.

However, a settlement reached by the Burnham Committee on the basis of a commission-reference would almost certainly cause the smaller union to end its work-to-rule.

Settlement may still be thwarted if the NUT objects to amendments which Mr. Carlisle wants made to the terms which the local authorities' and unions' panels have agreed for the reference to the commission.

The terms instruct the commission to "have regard" to the generous pay relativities accorded to teachers by the 1974 Houghton Report.

If the NUT accepts these amendments, a broadly similar settlement is likely to follow soon in the Burnham Committee for teachers in polytechnics and colleges of further education.

Because of the delay in talks on these teachers' 28 per cent claim, the National Association of Teachers in Further and Higher Education is also staging a work-to-rule.

Prize offer to restore business to Liverpool

By Our Northern Correspondent

MERSEYSIDE Chamber of Commerce is offering to raise £20,000 among its members as the prize in a competition to attract business back to the inner city areas of Liverpool. It is hoped that the city council will act as joint sponsor.

The competition would seek to find the best new product, process or management development which could be profitably developed within the boundaries of the inner city partnership area. The winner, to be selected by a panel of judges, would need to show evidence of being likely to be commercially successful and with a good growth potential. It would not necessarily require the use of skilled labour and high added value would not be essential.

It should be capable of being put into production in commercial quantities at an early stage and should not need extensive research and development or large-scale financing.

The first prize would be the lease of factory space rent-free for two years in the inner city, to be provided by the city council, if it agrees to take part. The chamber would provide the cash prize.

Most Iberia users prefer Heathrow

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IBERIA, THE Spanish airline which is fighting a UK Government attempt to make it move from Heathrow to Gatwick airport to ease congestion, said yesterday that over 70 per cent of its travellers to Spain preferred to use Heathrow.

The airline's survey showed that 70.7 per cent of UK residents using Iberia flights wanted to continue using Heathrow, while only 5.4 per cent would not mind moving to Gatwick.

Of the rest, 4.8 per cent said it did not matter to them which airport they used, while 16.1 per cent were "don't knows."

Mr. Agustin Gonzalez, UK manager for Iberia, said yesterday that "furthermore, the evidence is that if there were no flights from Heathrow to Spain direct, large numbers of our passengers would still fly from Heathrow via European transit airports, such as Amsterdam, Brussels or Paris.

"The plain fact is that the vast majority of British travellers to Spain by scheduled airline don't want to fly from Gatwick. They prefer Heathrow. We believe the views of these travellers should be respected."

This controversial issue of forcing Iberia to move to Gatwick is still being discussed by the Department of Trade and the Spanish Government.

In the meantime, and certainly for the summer, Iberia will continue to use Heathrow.

Air Canada has also been asked to move to Gatwick, but is resisting as strongly as is Iberia, and here too negotiations are in progress, with no result in sight.

Ulster wants fourth ferry to mainland

BY OUR BELFAST CORRESPONDENT

THE Northern Ireland Economic Council has suggested that the present three ferry routes between Ulster and Britain be increased to four with a new service from Warrenpoint to Holyhead.

The Council said that the present three services have coped well with the growth in commercial and private traffic. But a fourth route, it said, would provide a valuable connection to the Midlands and the south of England. Shipping companies had responded favourably to the idea.

The council urged the speedy implementation of plans for a joint ferry terminal at Larne. It also suggested that the Northern Ireland and Scottish Offices approach the EEC for funds to improve the A75 road from Stranraer to Dumfries in Scotland which carries all southbound traffic from the ferry ports.

Statement of Views on Sea Ferry Services, N.I. Economic Council; Parliament Buildings, Stormont, Belfast.

Plea to cut capital tax in Budget

By David Freud

RATES and thresholds of capital taxes should be adjusted for inflation, urges the Income Tax Payers' Society in Budget submissions released yesterday.

The society says the Chancellor should also seriously consider abolishing the investment income surcharge, or alternatively raising the exemption level, particularly for the aged.

The exemption limit on capital gains tax should be raised to alleviate the impositions brought about by inflation, and there should be an extension of the reduced rate band.

Similarly, the inflationary values of property and other assets meant the exemption level of capital transfer tax should be raised to a realistic value.

The recently-formed pressure group CUT, the Taxpayers Union, says that in its submission that there should be sizeable reductions in tax in the forthcoming Budget.

The cuts should be a first instalment of a five-year programme which would consolidate all rates of income tax at 25 per cent.

Such a programme would be paid for by a £20bn cut in government spending and by raising VAT to 10 per cent.

Frozen food sales rise 9% to record £790m

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE UK frozen food market increased by 2 per cent in volume and 8 per cent in value last year to reach a record £790m, according to a report by Birds Eye yesterday.

This growth reversed the 4 per cent drop in volume in 1977 and the company expects the growth trend to continue.

The report says frozen food consumption increased last year in spite of the glut of fresh vegetables for much of the year and the lower proportion of consumer spending on food.

Frozen foods covered 3.4 per cent of spending on all foods.

Of the £790m spent in the sector last year, £605m went on foods for home consumption, compared with £550m in 1977.

The proportion accounted for by freezer owners rose from £245m in 1977 to £290m last year. This means that freezer owners now account for 48 per cent in value and 55 per cent in volume of all domestic frozen food sold in the UK.

The High Street price war helped the supermarket multiples to tighten their grip on sales. Last year the multiples' share of sales rose from 40 to 45 per cent.

Bank wants £235m back in old notes

Financial Times Reporter

BANK of England officials are puzzled at the slow progress of the recall of old £1 and £10 notes.

The bank announced in February that the notes would cease to be legal tender by the end of this month.

However, so far only 30m £1 notes have been banded in, leaving 145m still outstanding, while 9m old £10 notes are still in circulation, compared with the 2m returned.

Although the old notes will continue to be exchangeable at the Bank of England, the Bank is anxious to remind holders that they should change them for new notes without delay to avoid inconvenience after May 31.

The new £1 note was issued in February 1978 and the new £10 note in 1975.

The most likely explanation for the poor response to the recall announcement was its timing—February 22—the day news coverage of Bank of England affairs concentrated rather more heavily on the gilt-issue scramble.

RAC raises subscriptions

SUBSCRIPTIONS to the RAC are to be increased from £11 to £12 on June 1. The cost of the RAC's recovery service also goes up £1 to £8, but there is no change in the entrance fee, which remains at £2.50.

Left regains control of Civil Service union executive

BY PHILIP BASSETT, LABOUR STAFF

THE LEFT regained control of the Civil and Public Services Association, Britain's largest Civil Service union, yesterday.

They reversed the political make-up of the union's national executive by winning 20 of the 26 seats at the union's annual conference in Brighton.

Last year the Left had won control of the politically-volatile union, which represents 230,000 civil servants and Post Office staff, but voting irregularities in the election for the vice-presidents caused a re-election for the executive, resulting in a 16-10 split in favour of the Right.

The new executive is less extreme than last year, when the Far Left took more than half of the seats. It now consists of more moderate Left-wingers, as well as Trotskyists and members of the Communist and Socialist Workers' Parties.

The present Right-wing-dominated executive, still in power until the end of conference, will today try to bring in extensive changes to the electoral system, which is based on mandated voting at conference.

The changes will bring in branch balloting before a conference which is likely to lessen the grip of the Far Left in some key branches.

The new executive will be shared, though, by the leader of the Right-wing group in the union, Mrs. Kate Losinska, who was voted in earlier this week as union president, ahead of two Left candidates.

Mr. Ken Thomas, the general secretary, faced the anger of Left-wingers when a delegate told conference that he had brought the union into disrepute by saying in a London evening paper that "the loony Left" were unrepresentative of the membership and were disrupting and damaging the union.

He faces motions today calling for his resignation and withdrawal of his nomination for the TUC general council for earlier this year signing a document which argued for an incomes policy.

Mr. Len Lever, retiring president, escaped censure for his handling of the re-run elections only by a card vote of 106,604 to 90,320.

A proposed merger with the Society of Civil and Public Servants, which with the CPSA organised a 10-week campaign of selective strikes over pay this year, was rejected.

One motion which was carried overwhelmingly instructed the union's executive to meet Paul Channon, Civil Service Minister, to ask and demand the removal of the Department's "totally incompetent" negotiators.

The union has also submitted a pay claim of 36 to 47 per cent for its 40,000 professional and technology group members.

Strike threat

Professional civil servants yesterday threatened widespread industrial action over scientists' pay, including the possibility of selective strikes, after the Institution of Professional Civil Servants passed emergency motions at their conference at Eastbourne.

S. Wales miners reject militants' demand

BY ROBIN REEVES, WELSH CORRESPONDENT

THE South Wales National Union of Mineworkers' conference yesterday stepped out of the ranks of militant coalfields by recommending a distinctly moderate wage demand for the next round of miners' pay negotiations.

Overshadowed by the threat of pit closures in the loss-making South Wales coalfield, the conference in Porthcawl, voted by 334 to 221 on a card vote to accept the area executive's "realistic" wages resolution. It gives the leadership a mandate to seek an increase of 35.7 per cent, based on a £10 rise to £71 a week for surface workers with appropriate differentials.

The delegates rejected a more militant resolution from the Marde Colliery in the Rhondda Valley, calling for a 40 per cent increase, geared to a basic £120 a week for coalface workers.

In appealing for support for the more moderate claim, Mr. Emlyn Williams, the South Wales miners' president, described it as a change of strategy, in line with the TUC's emphasis on improving wages for the low paid — a crucial factor in view of the change of Government.

"If anyone is thinking of taking on the Thatcher Government without the backing of the TUC, they are living in cloud cuckoo land."

Oil platform yard to make 365 redundant

ABOUT 365 of the 1,531 workforce at the McDermotts oil platform yard near Inverness are to be made redundant from Friday.

This was confirmed by shop stewards yesterday after a week of meetings with the management.

The management has promised the unions that there will be no further redundancies this year, say the stewards. The management was not available for comment.

Warning on police pay standards

By Alan Pike, Labour Correspondent

NO GOVERNMENT should imagine that the police will accept any watering down of the standards set by the Edmund Davies committee on police pay, Mr. Jim Jardine, chairman of the Police Federation, said yesterday.

"It has happened to us too often before for us to be prepared to stand for it happening again," he told the federation's conference in Blackpool.

"If anyone thinks we were wrong to attack the local authority mentality as harshly as we did during the pay dispute what has happened since, over negotiating machinery, justifies every word we said."

The federation, he said, had expected the local authorities to accept in full the findings of the committee on negotiating machinery. But the employers were digging in on a principle on which the federation was now prepared to compromise—the inclusion of magistrates on the police pay negotiating body.

"The local authorities say that magistrates are not democratically elected. Therefore they should have no say in how the police are paid or how their conditions are fixed," said Mr. Jardine.

"We believe that magistrates will bring a sturdy spirit of independence, and much needed continuity in office, to the new negotiating body. They are a vital part of the new machinery and we insist on their inclusion."

CONTRACTS

Wincott Galliford to build £1m Manchester carpet warehouse

WINCOTT GALLIFORD, part of the Galliford Brindley Group, has been awarded contracts worth over £3m. The largest is for a carpet warehouse for Lancaster Carpets at Denton, Manchester, worth about £1m.

Two single-storey warehouses at Northampton for Drum Industrial Estates will add a further £514,000 and re-roofing and refurbishing projects for GEC Machines and Debenhams stores respectively £200,000. In addition, contracts worth £260,000 have been received for work at Alfred Herbert's Coventry plant.

*

P AND W OFFSHORE SERVICES, a member of the William Press Group, has won a planning and engineering services contract worth between £2m and £3m for the BP Forties field. The contract involves the provision of offshore personnel, tools and equipment, with the management and supervision necessary to plan, control and support offshore work on the platforms in the field. Additional responsibilities under the contract include design and project engineering.

*

HONEYWELL has received orders worth over £750,000 for its Level 66 large-scale computer from the National Freight Corporation, in an expansion of the corporation's Freight Computer Services. One of the first users of this service will be Freightliners (a British Rail subsidiary) for a container tracking and monitoring application.

*

Four electron beam welders have been ordered by China from WENTGATE ENGINEERS, St. Ives, Cambridgeshire. The machines, worth over £200,000, will be shipped over the next three months.

*

Strathclyde Regional Council has awarded PHILIPS TRAFFIC SYSTEMS a contract for the control of traffic signs in the Glasgow urban motor and expressways valued at £685,000. The initial contract is for system control of 381 signs on 99 gantries contained in approximately 22 Km of motorway. This concentration makes the system possibly the densest in the UK and it has to be expandable to control up to 800 signs on 200 gantries in the future.

*

Sunderland's rates, housing advances are to be processed by a CMC REALITY ROYALE when the Metropolitan Borough Council's new mini-computer management system goes live later this year. The £151,000 system will contain 12 processing terminals. Local rates offices in Washington, Houghton-le-Spring and Hetton-le-Hole will each have their own processing terminal.

*

EURAMCO SYSTEMS ENGINEERING has won an order for a complete process analytical system worth over £150,000. The order was placed by Matthew Hall Engineering on behalf of BP Trading for Grangemouth alkylation unit.

Spend more on roads, says asphalt chief

Financial Times Reporter

A LARGER share of transport taxes should be invested in transport, and the source of invested funds more clearly identified by the Government, Mr. Stuart Jardine, managing director of George Wimpey, the construction and civil engineering company, said yesterday.

Of the £4.5bn paid by road-users in taxes last year, little more than half was spent on road and rail. Mr. Jardine, who is chairman of the Asphalt and Coated Macadam Association, urged the Government to increase the amount to three-quarters of the total.

"It would not only mean 25 per cent more for new bypasses and the badly-needed maintenance of roads, but also 25 per cent more for investment in rail track and structures," he said at the association's annual lunch.

Over 80 per cent of the motorways are asphalt-coated and about 20 per cent of the asphalt industry's £2bn-a-year turnover is drawn from local authorities.

Housing association finances criticised

BY ANDREW TAYLOR

THE voluntary housing association movement, which builds around a fifth of Britain's state-funded homes, has been strongly criticised by the Committee of Public Accounts for the handling of its finances.

A report from the Parliamentary watchdog on public spending comes just five months after the Housing Corporation—which administers and regulates finance for the non-profit-making housing associations—announced a £6m deficit in 1977/78 accounts.

The corporation now says that this figure should have been £5.2m, while its accumulated deficit is £7.5m.

The committee was critical of the corporation's accounts. It said they were confusing and contained adjustments for "substantial errors" made in previous accounts.

It welcomed proposals to review the corporation's accounting standards, saying: "We trust that this will result in a standard of presentation and disclosure of information following the best commercial practice applied to other statutory corporations."

The corporation, in evidence to the committee, said that deficits revealed in its last accounts had arisen on two counts.

First, problems rose over the recycling of debts owed by housing associations to the corporation, which for a period found itself lending money to associations at lower interest rates than that which it was paying to the National Loan Fund—the ultimate source of finance for the housing movement.

Additionally, the corporation had borrowed money from the fund to purchase land for eventual resale to associations—on which there was currently no income to offset the interest payable on the debt.

The corporation said that it hoped to sell this land soon and recoup interest cost. The Department of the Environment told the committee that it had now altered its grant system to minimise the recycling of long-term borrowing.

The committee also criticised the corporation's system of vetting and monitoring performance of individual housing associations.

It noted that, to qualify for public funds, housing associations had to be registered with the corporation and had to submit annual reports and copies of audited accounts. The corporation, it said, should be in day-to-day contact with the associations and could make non-statutory monitoring visits.

Criticised

It said that the corporation's monitoring visits—started in 1977—had originally been made in considerable depth, but only 70 visits had been made by the end of 1978.

The corporation now intended to increase their frequency to around 250 a year. It also planned to make less detailed audit cheques.

The committee considered the procedure for obtaining accounts from associations unsatisfactory. It found that annual accounts and other key data are submitted only on request.

In response to a request for accounts for financial years ending up to June 30, 1978, only 54 per cent of associations approached had submitted accounts by January, 1979.

The committee is recommending that the corporation should require associations "to render their accounts and annual returns automatically with a specified period after the end of their financial year."

The corporation should also consider applying financial sanctions to associations which fail to comply.

The committee noted from detailed enquiries carried out by the corporation under Section 19 of the 1974 Housing Act that some individuals involved with housing associations "appear to have misused their positions for personal gain."

However, most of these inquiries "referred to the failure of management committees to exercise adequate control over the running of their associations."

However the committee said that it welcomed measures by the corporation and the National Federation of Housing Associations to provide better guidance. "We recognise that members of management committees give their time voluntarily; but we consider that this underlines the importance of providing them with adequate advice and training to deal with the problems inherent in supervising the expenditure of large sums of money."

It also questioned the role of the housing association movement with that of the local authority which appeared to be able to provide housing at comparatively less cost to the Exchequer.

It appeared illogical that a "significant proportion of housing association tenants come from local authorities waiting lists, so that a different rate of subsidy is paid according to which body provides the accommodation.

"This would be an appropriate time for the Department of the Environment and Treasury to look again at the underlying policy in order to define the respective objectives and roles of local authorities and housing associations in providing subsidised housing.

"Such a review might also bear upon whether the use of the Housing Corporation as an agent in administering the main housing association grant is the most effective and economical way of securing the subsidies objectives."

Windscale liquid leak 'not a danger'

By David Fishlock, Science Editor

THE LEAK of highly radioactive liquid from part of the reprocessing operations on spent nuclear fuel at Windscale "presents no danger to employees or members of the public," according to the Health and Safety Executive.

The leak, discovered by British Nuclear Fuels in March, was publicised by Mr. Anthony Wedgwood Benn, as Secretary for Energy, in an election campaign speech last month.

An interim report from the nuclear inspectors was sent yesterday to Mr. David Howell, the new Secretary for Energy.

In a covering letter Mr. John Dunster, director for nuclear safety, says that unless there are significant changes the Health and Safety Executive intends to report again when its investigations are essentially complete.

The volume of liquid lost in the latest leak is much less than the quantity of "contaminated water" found to be leaking from a silo at Windscale late in 1976. But it contains more radioactivity.

The net result, says the nuclear inspectors, is that the incidents have released much the same amounts of activity.

But the types of activity are different. Most of the activity from the silo leak is caesium-137 with a half-life of about 30 years.

The latest leak is of liquor containing a mixture of fission products—two-thirds with a half-life of about one year, one-third with a half-life of about 30 years, and traces of long-lived isotopes such as plutonium.

The nuclear inspectors are still investigating whether British Nuclear Fuels has breached any conditions of the site licence or transgressed the requirements of the Health and Safety at Work Act.

TRIBUNAL OF INQUIRY ON CROWN AGENTS

Challis denies expansion of spending was personal 'frolic'

THE FORMER finance director of the Crown Agents, Mr. Alan Challis, told the tribunal investigating the Agents' £200m losses yesterday that he was not on a frolic of his own when he expanded the organisation's adventurous spending policy.

Mr. Challis, who resigned in 1973 after 37 years' service, said: "As a loyal servant of the Crown Agents, I feel a personal sorrow that as a result in part of policies pursued and decisions taken by me, or with my support, during the period 1968-1973, the Crown Agents should have sustained such substantial losses, with the consequent heavy call upon public fund."

He wanted to make it clear that he did not seek to avoid personal responsibility as director of finance for "certain matters" with which the tribunal was concerned. He took his proper share of the blame for what happened within the directorate during his term of office.

Report

Mr. Challis, who joined the organisation when he was 18, told the three-man tribunal: "I do not by any means agree with each and every criticism which has been made of me or my directorate elsewhere, and in particular in the Fay Report" (by the committee of inquiry on the Crown Agents, headed by Judge Fay).

The report claims that the characteristics of the finance directorate under Mr. Challis included "unjustified risk-taking; a lack of regulation and control; an aversion from taking advice; secretiveness; a low standard of commercial ethics; and a haphazard choice of associates."

Mr. Challis said that during the course of his evidence he hoped to show with the aid of material which had not been before the Fay Committee or had been, he believed, imperfectly evaluated by them, the basis of and reasons for his dissent from some of their conclusions.

'Survival'

He said: "If I seek in this way to set the record straight and to supply my own perspective to the relevant events, I accept that by virtue of my status and actions I am accountable in appropriate measure for what went wrong."

Mr. Challis said his aim throughout the whole of this period had been to ensure the survival of the Crown Agents. At the outset, he said, the "own account" activities to which he gave impetus, appeared justified in terms of the Crown Agents' own immediate needs. "It was or seemed to us to be an institution whose continued existence was threatened . . . an institution which at the same time was seeking to perform its functions in a highly competitive world," he said.

"We wanted it to operate from a firm financial base and sought to provide that base from the profits to be made from own account activities."

Development

But he was not the creator of the own account philosophy. Its origins predated his appointment as director of finance, and its development was encouraged by the organisation's board and reinforced by the recommendations of the Urwick Orr Report that the Agents should espouse the cause of "adventurous spending."

Mr. Challis said: "Of course I continued and expanded these activities, but I repudiate any suggestion that I did so covertly or on a frolic of my own." Mr. Challis said he was not and would never have sought to be the senior Crown agent. The font of all authority within the organisation was Sir Claude Hayes (who succeeded Sir Stephen Luke as head of the Agents in 1968).

Authority

Mr. Challis said that on Sir Claude's specific instruction he worked directly to him. The general policies pursued by the finance directorate had Sir Claude's approval, "and I had no doubt that he regarded himself at the time as the person carrying the ultimate responsibility for these policies."

Mr. Challis said he believed that when the tribunal had read and heard the relevant evidence they would conclude that he (Challis) was not secretive or devious in the way in which he dealt with colleagues and that, whether within his directorate or elsewhere in the organisation, they were given all the information they needed to be aware of what was happening.

Losses

Mr. Challis said it was the "own account" activities which resulted in the serious irrecoverable losses suffered by the organisation.

He said: "I recognise now that insufficient attention was paid to the commercial soundness of some of the enterprises in which the Crown Agents became involved; and in the pursuit of profits we sometimes lent too heavily in areas which were unable to withstand the financial crisis which began at the end of 1973.

"But where we failed, we failed in good company. And it is of course easier to criticise the decisions we took with the benefit of hindsight than it was to appreciate their wrongness at the time we took them."

Management

He said that virtually all institutions had suffered heavily and many respectably run companies "went under" or had to be rescued.

He did not feel himself to be responsible for the scale of the losses which the Crown Agents had suffered, since this was, to an important extent, the consequence of things done after he left.

Mr. Challis said: "Nevertheless many faults of management and control have come to light in the structure of the finance directorate which was largely built up during the time I was director of finance.

"Had these faults been noticed and corrected, I do not doubt that much of the difficulty in which the Crown Agents found themselves might have been avoided. For this I must and do accept the responsibility."

Mr. Challis emphasised that he was himself in no way motivated by considerations of personal advancement or gain. He added: "I neither sought nor made any profit from my activities as director of finance. I was a public servant with the financial rewards available to a public servant and no more. My faults were faults of judgment and competence, and not of dishonesty, corruption or venality."

He had never given instructions that any specific loan should be made, to anyone: "I always made it perfectly clear it was a matter for the banking department."

But he did not in any way seek to detract from his overall responsibility for particular decisions. He accepted that he had both a direct and vicarious responsibility for the conduct of the directorate.

System

It was true he had intervened in the affairs of the departments from time to time. But the essential principle under which the directorate functioned was that the heads of the departments should be unfettered in running the affairs of their own departments.

Mr. Challis said that the system was, at its roots, autocratic. Sir Claude had given him clear instructions that he was to work to him, but had decided to reserve to himself general conduct over financial matters. Sir Claude designated himself as his direct superior.

In practice he had been in frequent contact with Sir Claude on financial matters, although it was for Mr. Challis to exercise judgment on what to bring before him.

"Sir Claude always had the last word on anything I took to him," Mr. Challis added.

Before Mr. Challis began his evidence the tribunal chairman, Mr. Justice Croom-Johnson said there were certain allegations the tribunal did not wish to pursue any longer.

Investment

These were: Mr. Challis's responsibility for the initial investment in First National Finance Corporation; the question of the loan to the corporation in November 1973 at about the time Mr. Challis left the Crown Agents; and share report operations given on occasions other than those the tribunal was now investigating.

The tribunal was set up to inquire: "To what extent there were lapses from accepted standards of commercial or professional conduct or of public administration in relation to the operations of the Crown Agents as financiers on own account in the years 1967-1974 described in the Fay Report."

The hearing continues today.


Mr. Roy Hattersley (left) and Mr. Mark Carlisle.

Hattersley declares war on Tories

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

HOSTILITIES resumed in earnest in the Commons yesterday, with Mr. Roy Hattersley, the former Prices Secretary, issuing a warning that the Labour Party will bitterly oppose the Tory programme throughout the present Parliament.

He argued that the policies now being put forward by the Government show that the gulf between the two major parties is greater than at any time since 1945.

Drawing up the battle lines for the months ahead, he said that the definition of freedom given by Mrs. Thatcher, the Prime Minister, would damage those people traditionally represented by the Labour Party.

"It is a concept, in principle and practice, which we will fight for the lifetime of this Parliament," he declared.

Mr. Hattersley was speaking from the Opposition Front Bench during the second day of the debate on the programme of the new Government. The topics under discussion were education, health and social security.

His spirited and rumbustious attack on Tory policy put new heart into the Labour ranks still wilting from the election defeat. It was in marked contrast with the subdued performance the previous day of Mr. James Callaghan, Leader of the Opposition.

Opening the debate, Mr. Mark Carlisle, the Education Secretary, made it clear that the Government intends to press ahead with all possible speed to implement its manifesto commitments on education.

He announced that a Bill is to be published today removing the compulsion on local authorities to reorganise secondary schools on comprehensive lines.

Next week, it is hoped to introduce an Order, allowing education authorities to take up places in independent schools without having to ask permission of the Secretary of State.

Later in the year, a wider Bill implementing other aspects of the Tory education programme will be published.

Mr. Carlisle said that the measures demonstrated that the Government was honouring its election pledges at the earliest possible moment.

"What I have done is to restore freedom to the local education authorities to choose as they wish—in accordance with the wishes of the people—the type of education in their areas."

But this determination to get the Government's proposals onto the statute book served only to anger the Labour backbenchers.

Throughout Mr. Carlisle's speech, there were constant interventions and noisy interruptions.

A particularly fiery exchange involved Mr. Andrew Faulds (Lab. Warley E.), the bearded actor MP. As Mr. Hattersley began to extoll Labour's educational achievements, Mrs. Thatcher from the Government front bench pointed out that Mrs. Shirley Williams, the Education Secretary, had lost her seat in the election.

This was too much for Mr. Faulds, who yelled angrily: "She's a better woman than you—you bloody disaster."

The Speaker, Mr. George Thomas, sternly intervened to warn Mr. Faulds that he would be asked to leave the Chamber if he insisted on using such terms.

"I may have to," blurted Mr. Faulds. But the Speaker admonished him: "That is no way to conduct our affairs."

Other clashes came when Mr. Carlisle said that the Government would honour its commitment to increase old age pensions this autumn, but stressed that the increases would reflect the rise in the cost of living.

Several Labour MPs, including Mr. Callaghan, pointed out that the Government was under a statutory obligation to make the increases in line with the rise in prices or wages—whichever was the higher.

They demanded a guarantee that pensions would keep pace with wages if these should rise faster than prices.

But the Education Secretary refused to be drawn and told them they would have to wait for the Budget speech on June 12.

Mr. Hattersley, from the Opposition Front Bench, said that no one who had listened to Mrs. Thatcher's speech the previous day could doubt the strength and passion of her ideological commitment.

The proposals she was putting forward consistently supported the strong at the expense of the weak, and the rich to the detriment of the poor.

"All her policies turn out in the end to favour the haves at the expense of the have-nots," he insisted.

She seemed to have a strong moral conviction that it was right for a man to buy himself a privileged place in the queue for hospital beds, even though this denied treatment to a person in greater need.

There were roars of approval from the Labour benches when—referring to Mrs. Thatcher's words on the day of the election result—he went on: "She will find it difficult to find a quotation from St. Francis of Assisi to justify that sort of thing."

Labour believed that the education system should be based on the principle that all our children were of equal worth and merit. A system of segregation was found to operate to the benefit of a minority.

"For most families, the idea of parental choice is a cruel hoax," he said.

The Labour Party found it astonishing and disgraceful that the only major area of new expenditure proposed was £50m to subsidise free places in independent schools.

Describing this as "a shabby concession to Conservative prejudice," Mr. Hattersley asked: "Whatever happened to the idea of one nation?"

Opening the debate for the Government, Mr. Carlisle said the Government would carry out its commitment to simplify the administration of the National Health Service and reduce its bureaucracy. Much more responsibility had to be given back to the local level of administration.

But the Government did not propose to make any changes in the structure of the Service until after the report of the Royal Commission which is expected in July. There would be a White Paper later this year on the needs of elderly patients.

In education, the Government will go ahead with its scheme for assisted places as quickly as possible. The Labour Government's withdrawal of support for direct grant grammar schools had been a gross disservice to the education system.

There were protests from the Opposition when he added: "The Labour Government has removed the opportunity for children to get there on their merits and replaced it with the opportunity to get there in relation to the length of their parent's purse.

"The child rich in intelligence but poor in cash has been deprived as a result."

He argued that the Government's proposal did not deny concern for the maintained schools where the vast majority of children—about 83 per cent—were educated.

"What we wish to do is encourage the best in both sectors, maintained and independent. We want to restore to parents an element of choice in the education of their children."

Hugh Routledge

Mrs. Thatcher speaks to Mrs. Airey Neave as she leaves the memorial service for the victim of the Commons carpark bomb.

Public borrowing to be cut back

BY IVOR OWEN

THE GOVERNMENT intends to take a firm grip on the rate of growth of the money supply and reduce the scale of public borrowing, Lord Soames, the Lord President of the Council, declared in the House of Lords last night.

In a frank assessment of the difficulties facing Ministers in securing responsible pay bargaining and restoring dynamism to the economy, he hinted that the Government may soon be running into political storms.

"Our inheritance is industrial stagnation, wage settlements averaging around 14 per cent, a rapidly rising money supply and an all-too-buoyant Public Sector Borrowing Requirement," Lord Soames emphasised.

"It is not a dowry to guarantee much fun even on the brief honeymoon which new governments traditionally enjoy."

Lord Soames, who is also the new leader of the House of Lords, warned that inflation is likely to get worse before it gets better.

He indicated that there is little likelihood of Government policies being able to exercise any significant influence on the level of settlements until the start of the next pay round.

He described pay as the "Gordian knot" of the British economy.

"The way in which we determine pay levels, given the contradictions of our methods of pay bargaining, are strangling us," he said.

While the Government could not avoid facing up to the issue of pay, one of the immediate difficulties was that, in effect, we were still in the middle of "last year's pay round."

This meant that the Government was tied to a considerable degree by commitments made by its predecessor.

Lord Soames stressed that "responsible pay bargaining" was not a euphemism for moderation — one group's moderation could seem like another's excessive pay settlement.

Responsibility, he insisted, meant taking account of cause and effect, including the fact that uneconomic settlements could mean workers pricing themselves out of jobs.

Lord Soames suggested that some kind of pay forum might be developed to meet the call made in the Conservative election manifesto for a more open and informed discussion of the Government's economic objectives, perhaps on the German model.

Both the major political parties had learned through the pain of electoral defeat the harsh lesson that attempts to secure a centralised determination of pay settlements, whether tried formally or informally, or with or without recourse to law, did not work.

Certainly, the TUC and the CBI had turned their faces against any formalised incomes policy.

Tory peers cheered when Lord Soames commented: "We have learned from our own mistakes, and I can assure you that we have also learned from the mistakes of the Labour Government."

He reaffirmed the Government's belief that if people were given a greater say in matters affecting them, they would act realistically and responsibly.

"If they don't, then goodness knows where we will turn."

Lord Soames maintained that after the industrial disruption of last winter, the need for the Government's proposals for limited reforms in the law affecting unions was beyond dispute.

He claimed there was overwhelming support for changes concerning picketing, the closed shop, and moves to encourage the use of secret ballots in union elections and collective bargaining.

Improvements in trade union practice achieved on a voluntary basis would be welcomed by the Government.

Lord Peart, in opening a debate on economic affairs in his new role as opposition leader in the Lords, vigorously defended the National Enterprise Board.

He urged the Government not to curb its activities, particularly in promoting regional development and supporting major industrial concerns, simply on "doctrinal" grounds.

Lord Peart maintained that the NEB had been "a success story" and pointed to the improving position of BL and Rolls-Royce as prime examples of its work.

"I hope my party in both Houses will fight to retain it."

Lord Rochester, opening speaker for the Liberals, pressed the Government to have full consultations with the chairman of the NEB and other interested parties before taking final decisions about its future role.

"In our view," he said, "there is a great deal to be said for the stability which an element and concensus in this matter would bring with it."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Switches at speed of light

DURING THE time a beam of light travels no more than four hundredths of an inch, new circuits under development will switch a signal, IBM reports from its major Yorktown Heights research and development laboratories.

The disclosure that further progress is being made with Josephson device development underlines IBM's commitment to this technique, which requires the circuits based on it to work at liquid helium temperatures. It is clear that the need to provide liquid helium cooling for computers that would be based on Josephson logic does not daunt the company, though potential users may not like the idea. However, such machines could still be some five years or so away.

Operating speed of the circuits is measured in picoseconds, or million *millionths* of a second and they switch in 7 picoseconds with 6 picoseconds required for the pulse to travel from one circuit to the next.

They are some three times faster than previously tested Josephson devices and ten or more times faster than the speediest transistor logic circuits. But they also generate a thousand times less heat than such circuits and so can be arranged in very dense layouts which will permit operating speeds of even the most complex devices to be kept high. Transistor circuits have to be spaced further apart to avoid overheating in the devices made up from them.

A British physicist, Brian Josephson, predicted that the switching effects would be found when certain types of circuits were operated in a superconducting state at close to zero absolute. IBM has not disclosed what has so far been spent on proving that such devices could be built on a commercial scale in mass-production units, but work has been going on for about ten years, so $20m could be fairly close to the figure.

It is interesting that the new experimental devices have been fabricated using the same conducting line width—2.5 micrometre—as advanced commercial semiconductor circuits. Electron beam technology could be applied to reduce this to one micrometre and further raise circuit speeds by reducing the distance travelled by the signal.

Calculating logic in the *machine which is currently considered* to be the world's most powerful, the Cray, is cooled by Freon. It is a matter for conjecture how long it will take for IBM to regain the lead in this area of computer technology with a "superpower" machine cooled by liquid helium.

● MATERIALS

Tougher liner

FOLLOWING DEVELOPMENT by Niederberg Chemie (subsidiary of German coal company, Ruhrkohle AG) stretchable thermoplastic waterproof membranes called Carbofol, have been introduced to the UK by Deepseal Waterproofing Company, 6 Suffolk House, George Street, Croydon, Surrey (01-686 6180).

These ECB (ethyleneco-polymer-bitumen) membranes are a standard 2 mm thick and are resistant to acid, alkaline and algae, making them suitable, says the company, for withstanding a wide range of aggressive materials, including *sewage, seawater* and industrial waste.

Applications are for lining both internal and external walls of tunnels or reservoirs and, for over a decade, they are said to have proved successful in lining roofs, bridges, dams and other structures.

Modelling the missing parts

ALTHOUGH IT has been used for some years in nursery schools and craft classes, an Italian modelling material is now finding a commercial application in the antique trade.

Clay-like in texture, yet described as a plastic emulsion paste which contains no clay, Das Pronto can be used with tools or a person's fingers to fashion hands, arms, or other missing pieces of a precious porcelain figure, to restore the piece to its original perfection.

The replacement part of a figurine can then be recoloured and varnished to achieve its sparkling glaze and, because the material has a reinforced fibre it will retain its strength and will harden in a dry, well-ventilated place without the need for kiln-firing.

It is available from stationers and art shops (and some toy shops) and distributed here by Royal Sovereign Trading, Britannia House, 100 Drayton Park, London N5 (01-226 4455).

Paint takes hard knocks

HIGH performance paint from Mebon Paints of Sutton-in-Ashfield, Notts, has given improved durability and corrosion resistance to the Bonser Engineering range of electric, gas, and diesel-powered lift trucks.

Trials have shown that these Mebon paints stand up better to tough handling applications in general industry and the agricultural and construction industries—but also to the corrosive effects of weather and chemicals.

Applied mainly by hot electrostatic spray the system is used exclusively by Bonser and its sub-contractors with savings in production costs.

Major savings are being made, in particular, in speed. The paint structures almost instantly on impact, giving a good surface without runs and rapid recoatability. It is this latter property which has enabled Bonser to cut down time between coats. The finish is touch-dry in less than an hour.

Mebonite finish is based on modified polyurethane resins and when backed by a good rust-inhibiting primer and a recommended undercoat, the polyurethane topcoat has good flow characteristics, giving a good looking as well as chemical and abrasion-resistant finish.

Mebon, Blackwell Road, Huthwaite, Sutton-in-Ashfield, Nottingham.

Sheet metal

THE SEVENTH edition of "Sheet Metal Industries Year Book" has just been published by "Sheet Metal Industries Journal."

In 365 pages, the 1979 edition provides a useful source of general and technical information of interest to all users of sheet metal and sheet metal-working machinery.

Principal topics covered within the technical sections of the year book are: pressworking operations: properties of some metals and alloys; tests for *sheet metal and joining sheet metal*. There are also useful conversion factors and tables and a buyer's guide.

Sheet Metal Industries, Queensway House, 2 Queensway, Redhill, Surrey RH1 1QS. Price £10.00 (post free).

An operator at Racal Microelectronic Systems prepares the artwork for a thick film hybrid device as part of a newly-launched total microelectronics design and manufacturing service. It will give UK and overseas electronics companies access to device technology developed by Racal, as well as providing non-electronics based organisations with a complete service from circuit design and breadboarding to final manufacture of microelectronic sub-systems. This new service will include advanced uncommitted logic array, large scale integration, and thick-film hybrid microelectronics systems.

Formed one year ago to bring together the Racal Group's expertise in microelectronics, the company has, until now, worked exclusively for companies within the Racal organisation. In the past year, its designers have made more than 20 complex large scale integrated devices for Racal equipment and in parallel developed low-cost manufacturing techniques for complete thick-film hybrid sub-systems as shown here. Racal Microelectronic is at Bennet Road, Reading, Berks RG2 OP2.

● MACHINE TOOLS

Millers from West Germany

NEW DESIGNS of milling machine from Hermle in West Germany are available from TI Rockwell, Welsh Harp, Edgware Road, London NW2 7AA (01-452 0033).

The UWF range, for example, consists of three universal machines able to take several types of control system including the Heidenhain TNC 121 position controller and the Siemens Simumerik Mate M computer numerical control system. Direct current feeds are used on all axes and a vertical head mounted on a swinging arm gives very quick *changes from horizontal to vertical* milling. The biggest machine, UWF 801, has longitudinal, cross and vertical motions of 510, 450 and 410 mm respectively.

Also available is the FW range, small horizontal knee-type production milling machines designed for secondary operations on small parts. They have dc motor drive on the longitudinal axis; similar drive on transverse and vertical axes are optional, and with *motors on all three axes* programming is possible with plugboard control or with electronic systems such as the Heidenhain TNC 121. Spindle speeds up to 10,000 rpm and rapid traverse and feed rates (up to 5,500 mm/min) make high production rates possible.

● IN THE OFFICE

Table-top copier

A PLAIN-PAPER copier from Toshiba incorporates a microprocessor for operational control purposes. The BD-727 is a desk-top machine operating at 15 A4 or 10 A3 copies per minute.

It has a digital keyboard for setting the number of copies required—up to 99. Long run copying can be interrupted—for urgent copying of other documents—by depression of the "pause" key. Once the interruption is completed the machine will automatically revert to the original *instructions—or the run* can be cancelled. The processor also controls lights indicating machine status and when paper/toner supplies run low. Automatic control ensures a correct and economical supply of toner. Resulting copies are claimed to be accurate facsimiles of originals, faithfully showing half-tones, and with even reproduction of large solid areas.

Paper is fed automatically from a cassette, and a by-pass facility allows individual copies to be taken on varying sizes of paper, even in the middle of long runs. Copying can be on both sides of the paper, with sizes up to A3 (11 in x 17 in).

Warm-up time is less than 90 seconds. Copying is via the indirect electrostatic photographic method (dry process). Sheets, books and three-dimensional objects can be copied.

International Office Copiers, International House, Windmill Road, Sunbury on Thames, Middx., TW16 7HR.

● COMPUTING

Towards an 'instant' insurance

GLADIS IS not only the most advanced computer system in the insurance industry in Britain, but probably in Europe as well, or so Friends' Provident Life Office asserts. Standing for Generalised Life Assurance Data Inquiry System, it has involved 93 man years in building and development and is already showing an estimated saving in staff costs of £1m per annum.

Through some 150 terminals Friends' Provident staff, in head office departments and branch offices from Galway in the far west to Aberdeen in the north, have direct and immediate access every minute of the working day to all individual policy and accounts records held on an IBM 370 computer at Dorking.

Quotations for claims, surrenders, loans, paid-up and maturity values, which using conventional methods could take days for branch offices to obtain, can be established at any terminal anywhere in minutes. In addition branch offices can update personal details and issue instant printed quotations for life, health and personal pensions policies, including estimated values on death, surrender and maturity, and underwrite and completely process a new proposal in the one hour, including in many instances issuing the policy.

Under GLADIS, premiums due are automatically requested and payments by whatever means instantly processed. Premiums are allocated to the policies, commissions credited to the agents concerned and entries made in the ledgers for accounting and statutory purposes. Non-Payments are automatically identified and similarly the appropriate letters printed to accompany cheques for claims and surrenders.

Work on the second phase, planned to be completed by 1983, is well under way. By that year the *system* will have been extended to include all pensions and group schemes, both large and small. However, the benefits are expected to show as early as 1980 when the smaller schemes will start to come on line. There will be some new features such as alternative quotations at renewal.

Other plans within the same time scale include word processing linkages to the computer, and the introduction of portable terminals which will enable many of the functions to be carried out in brokers' offices, or, in fact, anywhere.

Friends' Provident, Dorking, Surrey. 0306 5055.

Memory to boost mini

HIGH SPEED memory enhancements for the Digital Equipment PDP11 computers are offered by Fabri-Tek Computer Components, 50 Moorbridge Road, Maidenhead, Berks SL6 8BN (0628 37321).

Significantly increased throughputs are possible claims the company, at a fraction of overall system price. Up to 22 per cent is possible says Fabri-Tek, although the improvement is naturally software-dependent.

Buffering the entire main memory, the 920/981 can be installed in a matter of minutes, with no hardware or software modifications. Cycle/access time time is *given* as 300 *nano*-seconds, and the unit operates from the main CPU power supply.

● COMPONENTS

Display in colour

DESCRIBED as "better than the conventional liquid crystal display" in terms of clarity and visibility, is an electrochromatic display development by Matsushita Electric Industrial, 1006 Kadoma, Kadoma City, Osaka, Japan.

Basically, the display colour *change is produced* by the reversible chemical oxidation of an electrochromatic substance, in this case a combination of iron sulphate and iron cyanide. The number of cycles is reported as "more than 10m."

The devices have a data storage time in excess of 24 hours and an operational temperature range of −10 deg C to +70 deg C. Applied voltage to produce the reversible oxidation effect—giving a blue display colour—has not been revealed.

Matsushita hopes to start sample shipments of these units—long awaited by calculator makers—in July and mass production in the autumn, probably at the rate of about 100,000 units a month. Estimated price of the 70 × 35 × 7 mm four digit device is $5.

JOBS COLUMN, APPOINTMENTS and BUSINESS OPPORTUNITIES

The real challenge of motivation to work

BY MICHAEL DIXON

THE INTERRUPTION from one of about 200 personnel managers in the audience was harsh, and perhaps even rude. "It's about time," he told the speaker, Professor Liam Hudson of Brunel University, "that you stopped waffling on, and gave us something we could go back and use in our own organisations."

The professor stopped patrolling the strip of carpet in front of the Institute of Personnel Management's May conference in London, and looked up with an irritated gleam of the spectacles. He was half way through a day-long conference session on the topic of motivation to work.

Now, where getting an organisation's work done well is concerned, motivation is a very important factor. If it is possessed by people such as most readers of this column and myself, our employers will obtain good results from us even though we may feel less than perfectly satisfied by the pay, perks and allied conditions accorded to us by our company's personnel systems. But if we lack motivation, then regardless of the sophistication of those systems there will be problems of a sort to bring down top executives threateningly upon the said personnel managers' necks.

Motivation might therefore be defined as the factor which—when added to an organisation's prevailing systems for payment, perks, promotion and so on—will make the employees work as keenly and effectively as the organisation would like them to work. And as such it seems to me similar to another kind of factor which has been dreamed up to aid managers of a rather different kind.

These are managers whose work requires them to calculate what it is best to do next on the basis of uncertain statistical estimates of what is going on already. The fact that such calculations are bound to be wrong has led to the invention of the magic mathematical function known as "Skinner's Constant."

It is defined as the figure which—when either added to, subtracted from, multiplied by or divided into the inevitably wrong answer that you get in such circumstances—will make your answer right.

There is but one difference between this factor and the concept of motivation.

Managers who talk about Skinner's Constant do so as a joke, knowing it to be a purely imaginary piece of wish-fulfilment. On the other hand, most personnel managers seem to believe that a general factor called motivation really exists and, if they can only find its secret, may be applied so as to solve at a stroke their most pressing occupational problems.

Many recruiters evidently believe that the magical property can be discovered by advertising. "A successful, highly motivated executive is needed to . . ." is a phrase which, in various forms, crops up hundreds of times in the job ads every week.

The phrase surely implies two questionable assumptions on the part of the recruiters who use it.

One is that they can recognise motivation when they see it—a claim that will be refuted by many of us who have subsequently had to work with the people whom such recruiters choose.

For life

The second is that there exist people who are somehow highly motivated for life so that, like a cross between Albert Einstein and a bucket dredger, they will perceive which is the most productive work and shift it day in day out, regardless of the company in which they are employed. I feel that those holding this second assumption must either have little personal experience of working, or be blind to their own tendency to vary in performance from time to time and under different conditions.

The main desire of the personnel trade, however, is not for motivated individuals, but for methods of motivating large numbers of people. And a favoured way of hunting these is to go and sit at the feet of "behavioural scientists" who, by dint of their own publicity or otherwise, are suspected of knowing the secret.

There was no lack of them in the inspirational 1960s and some, particularly Americans, lectured on their theories in such a way that these could readily be taken back by listening personnel managers and tried in a working organisation.

But while I have every respect for the probity of the lecturers concerned, there was a problem. When the theories were tried in practice, they did not produce the magical effects desired.

Take for example job-enrichment, which postulates that employees generally can be motivated by building into their jobs greater opportunities for achievement, self-advancement and the like. Organisations trying it found that enriching jobs lower down unfortunately implied the impoverishment of jobs higher up, which the higher-ups powerfully resented. Another snag was that although certain types of people (most noticeably those with "middle-class" values) were galvanised by the opportunity to achieve more, others felt oppressed by it. And so, often, did their unions.

There may be a basic reason for this. Theories of motivation are drawn up by academics as general hypotheses from the observation of patterns of behaviour in higher-than-average proportions of samples of people drawn from the general population. But what managers why try to apply such theories are dealing with are sets of particular people working in a particular organisation. Which brings us back to Liam Hudson, glasses glinting menacingly, about to reply to the IPM conference participant still seeking the motivational panacea.

"It is not my job," he said sharply, "to produce knowledge which can be applied in your business. It is not your job, either, to try to apply in your company knowledge which I have produced as an academic psychologist.

'Bogus'

"It just isn't true that the principles of social science can be applied in management: or rather: it is true that if they are so applied, the results will be bogus. As academics, we operate with broad categories of people. As managers, you have to operate with people in detail. And if you don't, you are sunk.

"It's the person working in an organisation who can know its people in detail: not the outside 'expert' who pops in brandishing his theories. So if you personnel managers really want to know how to motivate people in your organisation, you yourselves are the best people to do the research. Personnel managers are in a perfect position to establish the fine grain of differentiation between the manager who can turn the trick and the one who can't; between the people who acquire the skills which the organisation really needs, and those who don't."

By this time Professor Hudson had recommenced pacing the carpet, intermittently screwing his head sideways and speaking to kill. Those in the audience who responded to the challenge about doing their own research with protests that, as personnel managers, they did not have time, were told that like most bureaucrats they probably swamped themselves with "dispensable work." If they wanted to learn how to motivate their company's employees, they would have to redefine their role. They certainly could not learn it by paying £75 to attend a day's conference.

It was the best piece of straight talking that I, having sat through dozens of conferences on motivation, have ever heard. Even so, soon after it became plain that this time no panacea was on offer, about half the audience left. It is a pity that I did not keep track of where the leavers worked, for otherwise I might have gained an idea of some of the organisations it is probably wisest not to be employed by.

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Financial Appointments Hillgate House, Old Bailey, London EC4M 7HS

FOREIGN EXCHANGE SETTLEMENTS CLERK

City branch of leading West German Bank seeks an experienced Foreign Exchange Settlements Clerk. We offer attractive salary and working conditions with excellent fringe benefits.

Please ring Mr. R. A. F. Roberts on 01-638 6141

Financial Analysis Managers

Product and Pricing Strategy
London, to £10,500 + car

These vacancies have arisen through expansion and *subsequent* internal *promotions within a major* international manufacturer and distributor of high-technology equipment. Both positions are vital for the continuing success of the company's aggressive marketing policy. One successful candidate will take responsibility for the review, and recommendation of appropriate action, from a financial perspective, on product-marketing programmes, ensuring that they be consistent with company *objectives, and providing* financial and analytical support in the formulation of strategies to meet their objectives. The other will have similar responsibilities, but concentrating on world-wida and regional pricing strategy, both short and long term. In both cases, applicants should be around 27-32, probably possessing a major accounting qualification or MBA, and must have a high level of medium/long term planning and analysis expertise, gained within a sophisticated large-company environment. High communications skills are essential. *Prospects will match potential*, and excellent benefits include relocation expenses.

N.P.S. Lilley, Raf: 22144/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

Operations Analysis Manager

140,000-180,000 FF **Paris**

One of the 50 leading American industrial groups (dealing in high technology equipment) requires a Manager, for the headquarters of its European, Middle Eastern and African division in Paris. (Turnover: US$600m., 38 subsidiaries). He will be responsible for the development plans of a group of companies: compiling and monitoring the budgets (including investments), investigation of variances, and controlling financial systems and operations.

Candidates must be aged over 30, with a recognized qualification, and have enjoyed similer responsibilities in an international French, American or British organisation.

Good performance will open up excellent career prospects in the Group.

Nationality is unimportant, but candidates must be bilingual French and English.

Applications in confidence to G. N. Brown (Ref. 6390).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

Financial Planning Manager

140,000 – 180,000 FF **Paris**

One of the 50 leading American industrial groups (dealing in high technology equipment) requires a Manager, for the headquarters of its European, Middle Eastern and African division in Paris. (Turnover: US$600m., 38 subsidiaries). Reporting to the Financial Director, he will be responsible for consolidating yearly plans and reports from subsidiaries, investigating budget variances, co-ordinating investment plans, and undertaking certain financial appraisals.

Aged not less than 32, with a recognized qualification, he must have experience of audit in an International firm of CA's and 4/5 years financial experience in a French, American or British International company, with a large number of subsidiaries.

Good performance will open up excellent career prospects in the Group.

Nationality is unimportant, but candidates must be bilingual French and English.

Applications in confidence to G. N. Brown (Ref. 6389).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

Financial Controller

c. £9,000 + car **Bedfordshire**

A privately owned, lively and expanding light engineering company requires a qualified accountant for this most important appointment.

Reporting to the Managing Director, the Financial Controller will advise the Board on all financial aspects of the business and control the accounting and company secretarial functions. Satisfactory performance could lead to a Board Appointment in due course.

Candidates, preferably under 40, will have appropriate industrial experience gained, ideally, in a small company environment, and must possess independent but diplomatic temperaments. Pension scheme, life insurance, relocation expenses.

Applications in confidence to E. A. C. Griffin (Ref. 6391).

This appointment is open to male or female candidates.

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

BANK EXECUTIVES – NIGERIA

Our client is an established bank in Nigeria under European management. The bank maintains a branch natwork in Nigaria and seeks to strengthen its management team by recruiting tha following officers:—

1. AREA MANAGER – LAGOS to £39,000 Sterling Equivalent

Responsibilities includa managament of the main branch and five othar offices.

It is anticipated that the successful candidate will be in his mid-to-late thirties with considerable commercial banking expariance. It is an essential requirement that candidates should be qualified as Associates of the Instituta of Bankars or hold a Univarsity degree in Business Studies, Accounting or Economics.

Experienca in business developmant in the trade financa fiald would be vary useful.

2. CREDIT MANAGER (Two Vacancies) to £31,000 Sterling Equiv.

Responsibilities involve the managament of credit departments, one vacancy in the main Lagos Office and the othar in a Regional Offica. Good experience in commercial lending is important, either in the U.K. or overseas. Duties will include the raviaw of new and renewal facilities, control of staff in credit department and management of facilities at all stages.

Candidates should be graduates or hold the A.I.B. as in the Area Manager vacancy.

The benefits packages in addition to the salaries mentioned are considarabla, including free housing, madical fees, 60 days annual holidays with economy return fares for the femily, etc. Tha initial contract will be for two years, renaweble subject to all partias' agreement.

Please contact DAVID GROVE in the first instance.
All enquiries will be treated in strict confidence.

First floor–entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

LEGAL APPOINTMENTS

Director & General Manager

Electronics Products Manufacturing

c. £12,000+Car – Cheshire

Our client, a major division of an international engineering organisation, has worldwide trading interests in textile processing machinery. Their electronics manufacturing subsidiary, acquired as part of a diversification programme, develops unique concepts relating to electronics control and automation of machinery. Due to a Group promotion the need has arisen for a highly competent man or woman to direct and manage this autonomous subsidiary.

Reporting to the Divisional Chairman, the successful candidate will be a graduate with an applied sciences degree, at least 5 years senior management experience in electronics manufacturing and probably aged 33-45 years old. A knowledge of electronics product development or marketing is essential.

The benefits are first class and include a salary to the figure quoted, company car, private patients plan and relocation expenses if required.

Write, or telephone for an application form quoting ref. No. 539 to P. M. Shaw,

Moxon Dolphin & Kerby Limited,
York House, York Street,
Manchester, M2 3BB.
Tel: 061-228 6521.

MOXON DOLPHIN & KERBY LTD
MANAGEMENT SELECTION

KLÖCKNER

Klöckner INA plans, supplies, erects and finances turnkey industrial projects. We are an affiliated company of the Klöckner Group of Duisburg, West Germany. Our continued success makes it necessary to engage a

SALES DIRECTOR

London-based

The applicant's age will be in the range 35 to 45 and the applicant will have a proven successful record in the industrial plants export business, either in a manufacturing, engineering, trading company or in a merchant bank.

Basic knowledge of German or French would be desirable but not a pre-requisite. The applicant must have an ability to establish contacts and negotiate projects/contracts throughout the world on his own and to head up our Sales Department.

The position carries with it the chance of a place on the Board in return for successful performance. The position is ideal for a first-class sales manager/director who wishes to develop a career more quickly and acquire board level status within the foreseeable future.

The remuneration is high and negotiable according to experience and record. In addition, the Company offers excellent fringe benefits.

Applications should be submitted in writing to Mr. H. J. Pretzall, Managing Director, and will be dealt with quickly.

Klöckner INA Industrial Plants Limited,
Berkeley Square House, Berkeley Square, London W1X 5PA. Telephone: 01-491 3224.

BRANCH MANAGERS (2) –NORTH LONDON

The C&G is one of Britain's top 20 Building Societies with assets of nearly £600m and 100 branches throughout the UK.

We are now looking for two enterprising Branch Managers to take over and run our established offices in Finchley and Finsbury Park.

As one of our branch managers, you would be expected to develop business from new and existing connections within your branch area and also be responsible for providing a first class service to investors and borrowers.

Ideally you will be aged 28-35, with sound financial experience gained in another building society or life assurance company in a management or representative capacity. Coupled with this you will be self-motivated and able to mix easily and confidently at all levels.

We offer all the advantages of working for a large expanding building society, including future career prospects, a competitive and progressive salary, preferential staff mortgage and assistance with relocation where appropriate.

Applications are invited from both men and women and an application form may be obtained by writing to:
Mr. L. R. Davies, Personnel and Training Manager, Cheltenham and Gloucester Building Society, Clarence Street, Cheltenham GL50 3JR.

Say C&G for a better job.
Cheltenham & Gloucester Building Society.

FINANCIAL CONTROLLER
COMMODITY BROKER

We are a small, well established Commodity Broker currently trading on the coffee and cocoa futures markets. We are shortly to expand our sphere of operations into other areas with consequent increase in turnover. We shall require a qualified Accountant to oversee and control all facets of our administration department. He/she will be directly responsible to the Managing Director. The successful candidate will be preferably aged 25-35, have foreign exchange experience and some knowledge of commodities. An outgoing personality is essential as customer/telephone liaison is an integral part of the responsibility. The salary is negotiable.

Please apply in writing in the strictest confidence to:

The Managing Director
Marshall French and Lucas Ltd.
Plantation House
31/35, Fenchurch Street
London EC3M 3DX

Opportunities in Corporate Operations

Up to £8500 + car + benefits

Our client is a major industrial concern with an annual turnover exceeding £500 million.

Clearly, the success of such a large operation relies heavily upon a central control that can monitor all operations, objectively analyse procedures, and then liaise with local management in agreeing and implementing system improvements.

At a senior level, we are searching for qualified Accountants – probably aged between 28 and 40 – with at least four years' practical experience in industry.

Also, at the lower level, we are looking for recently qualified Accountants with some knowledge of accounting in a large industrial company.

Both opportunities should be seen as a springboard to financial line management where corporate experience can be applied to maximum advantage. Based initially in either London, Cheltenham or the North-west, these men and women must be ambitious enough to seize future opportunities as they arise.

In the final analysis, though, the prospects certainly compensate for any upheaval. The good starting salary, high income potential and excellent benefits (including very generous relocation assistance) are incentive enough for replying.

Please send your details (including salary) to Derek Lightfoot, Peter Counsel Ltd., The White House, 8 High Street, Guildford GU2 5AJ, quoting reference no. 0530, or telephone for a form to our 24 hour service on *Guildford (0483) 67781.*

PETER COUNSEL *Limited*

Executive Recruitment

The White House, 8 High Street, Guildford, Surrey, GU2 5AJ

Sales Manager

INTERNATIONAL TURNKEY PROJECTS c.£11,000

A joint venture between a British Company, world leader in the manufacture of advanced wood working machinery, and leading German project engineers, seeks an entrepreneurial Sales Manager to negotiate contracts for the building of *wood working factories* throughout the world.

Aged ideally between 30 and 55 and based in the Home Counties, you will identify opportunities for turnkey projects, help arrange finance by way of loans or credit and assist the principals in the negotiation of contractual terms and conditions. A knowledge of wood working is not necessary.

You should be educated to degree level, probably with an economics background, and have industrial experience preferably in engineering. You may have worked in the construction industry or for an industrial company involved in turnkey projects, but all candidates with relevant experience will be seriously considered.

A reasonable fluency in German is essential, other languages would be an *advantage*.

This position offers candidates stimulating work and outstanding career prospects. Remuneration and conditions of employment will fully reflect its importance.

Please write to Richard Varcoe (quoting FT 141) showing how you meet the above job description and enclosing *details of your career to date.*

Lee Jansen Recruitment Ltd,
5 Lower Temple Street,
Birmingham B2 4JD
Manpower Consultants, Birmingham, London, Amsterdam.

YOUNG CHARTERED ACCOUNTANT

c. £7,250 + car W. London

Our client is a major International Company going through a further phase of expansion.

Due to internal promotion, we are currently recruiting a young qualified accountant who has gained excellent experience within the profession and now feels that a move into commerce would benefit a career progression.

The successful applicant will join a small H.O. team and be involved in a wide range of accounting activities covering group accounting, financial reporting, treasury and corporate restructuring.

Coupled with an attractive salary, there are excellent prospects within this group.

Please reply in strictest confidence to:
David Clark, F.C.A., quoting Ref. 1901.

David Clark Associates
4 New Bridge Street, London E.C.4
Telephone: 01 353 1867

FINANCE DIRECTOR

Cheshire circa £11,000+Car

With a turnover of £15 million, our client is an established multiple retailer dealing in domestic housa furnishings lor sale oo cash and credit terms, aod hardware.

The company wishes to appoint a Finance Director who will essume direct responsibility for the financial administration of the company, including financial reporting and the preseotation and subsequent examination of cash flow forecasts and management accounts.

Applicants, aged 28-40, must be qualified accountants who have gained at least 4/5 years experience within a progressive industrial or commercial environment, preferably with retail or consumer product experience. They must be able to successfully motivata staff, interpret and analyse financial information and, as part of the senior managemeot team, contribute positively to the company's commercial development.

For more detailed information and a personal history form please contact Neville Mills, A.C.I.S., or Howard Amos, B.A. quoting reference 2469.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants.
410, Strand, London WC2R 0NS Tel: 01-836 9501
121, St Vincent Street, Glasgow G2 5HW. Tel. 041-226 3101
3, Coates Place Edinburgh EH3 7AA Tel 031-225 7744

DLA

UNDERWRITING

CREDIT INSURANCE AND FINANCIAL GUARANTEE

We offer our services to British companies engaged in almost every sector of industry and commerce. The risks we underwrite require a full and comprehensive understanding of the company concerned.

We are owned by four substantial and internationally known Insurers and are also supported with considerable reinsurance facilities for the liabilities we underwrite.

We require additional assistants to help in our planned growth. Applicants—early to mid 20s—must have a professional qualification or an appropriate degree with a banking, legal or accountancy background, with an interest in commerce and effective communication skills.

Stimulating and challenging career prospects and attractive benefits will be made available upon completion of probationary period. Initial salary will be a minimum of £7,000.

Applications to V. J. Fowler, Managing Director:

Credit and Guarantee Insurance Company Limited
Colonial House, Mincing Lane, London EC3R 7PN
Telephone: 01 626 5846 Telex: 883191

Qualified Accountant

Saudi Arabia

£20-25,000 Tax Free+Car +Accommodation+Excellent Benefits

A well established European construction group is expanding its Middle Eastern operations.

It wishes to appoint a qualified individual to report to the General Manager and take responsibility for management and financial reporting and for developing systems as required.

There is no specific age range. Of greater interest will be approach and adaptability. Previous experience of contracting and the construction industry, while preferred, is not considered essential.

Please reply in confidence, quoting Ref. U827/FT, giving concise personal, career and salary details to R. G. Billen — Executive Selection.

AYMS
Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL

Financial Director (Designate)

N.W. Surrey around £10,000 + car

Our clients are looking for a businessman not a book-keeper. The ideal candidate will be a qualified accountant aged 26-30 who has already gained commercial experience and believes that his/her future lies in an entrepreneurial environment rather than the large corporate structure.

The Company (T/O £8m), an important and highly profitable part of a substantial private Group, operates in the U.K., the Far East and Australasia in the importation and distribution of highly sophisticated engineered products of international repute. The Financial Director (Designate), now to be appointed as a result of a Group promotion, will work closely with the Board to identify and evaluate business opportunities and to manage a small department providing the supporting financial and administrative services within the Company. Appointment to the Board should be achieved within 12 months.

REF: 1116/FT. Apply to R. P. CARPENTER FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

UNIVERSITY OF MALAWI— THE POLYTECHNIC

Applications are invited for the following posts in the DEPARTMENT OF BUSINESS STUDIES:

SENIOR LECTURER/LECTURER IN ECONOMICS—Applicants should have at least a good Honours Degree in Economics and preferably special interests in the field of Money and Finance and good teaching experience at an appropriate level. A higher degree would be an advantage. For an appointment at Senior Lecturer level, some administrative experience will be useful. The appointee will be required to lecture to students on both a three-year Diploma course in Business Studies and a five-year course in Commerce (Accountancy).

SENIOR LECTURER/LECTURER IN COMMERCIAL LAW—Applicants must have a good Honours Degree in Law and should preferably have experience in the field of Commercial and Company Law. A higher degree would be an advantage. For appointment at Senior Lecturer level, considerable teaching and/or industrial experience will be required. The appointee will be required to lecture to students on a three-year Diploma Programme in Business Studies and five year Degree programme in Commerce (Accountancy).

Salary Scales: Senior Lecturer K6,500-8,000 p.a., Lecturer K3,500-6,600 p.a. (£1 sterling = K1.69). The British Government may supplement salary in range £3,450-£3,654 p.a. (sterling) for married appointee and £2,340-2,976 p.a. (sterling) for single appointee (reviewed annually and normally free from all tax) and provide children's education allowances and holiday visit passages. If no British Government supplement is available, the University may pay an addition of between K1,320-1,656 p.a. for Lecturer and K1,640-1,890 p.a. for Senior Lecturer (taxable in Malawi). Family passages; superannuation scheme; gratuity 15-25%; biennial overseas leave; housing and various allowances. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent direct to Registrar, University of Malawi, P.O. Box 278, Zomba, Malawi, by 6 July, 1979. Applicants resident in the UK should also send one copy to Inter University Council, 90/91, Tottenham Court Road, London, W1P 0DT. Further details may be obtained from either address.

Treasury Assistant - European Region

London based, c. £10,000

A major U.S. multi-national is seeking to strengthen its Treasury function within the European region where it has numerous manufacturing and selling operations. The successful candidate will assist over the whole range of activities - cash and credit management at local and regional level, export sales finance - with the aims of minimising risk and making a contribution at the bottom line. Candidates will probably be 25-32, graduates, with a professional qualification, preferably, though not necessarily, in accountancy or banking. Directly relevant experience is less important than potential and candidates not capable of promotion to management level in two years need not apply. About 25% travel in Western Europe is envisaged and usable language skills would be a plus point.

J.A.T. Bowers, Ref: 21176/FT.

Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

European Industrial Market Research Company requires
GERMAN SPEAKING PR EXECUTIVE
Industrial experience advantageous. Write in with CV and Salary requirements to:
Chloe Haslam
Frost & Sullivan Ltd.
104/112, Marylebone Lane, London W1M 5FU.

Career opportunity for an

Enterprising Accountant

Tokyo c. £34,000 + benefits

One of Britain's leading international companies has scored some notable successes in Japan and now seeks to strengthen its small expatriate team there. Its role is to determine the future course of the business and subsequently to implement agreed policies. The company not only has long standing trading relationships with a number of important Japanese companies but also owns a subsidiary with a national sales force. In total, the turnover runs well into eight figures Sterling.

The Accountant, who will probably be appointed a director of the subsidiary, will be expected to offer both high level professional skills and a wide knowledge of business and commerce so that he can constructively contribute to the work of an already effective team. For this reason it is unlikely that the person appointed will be under 30. He must be qualified and have held a substantial management position in a company which has well-developed methods of modern management accountancy.

This is not a short term appointment. Success should ultimately lead to the offer of other senior management posts in the UK or abroad. Salary will be Y 15,000,000 and a house, car, annual family leave passages and, if necessary, education assistance, will be provided.

Ref: K7952/FT.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874
A member of PA International

Group Finance Manager

H P Bulmer Limited are seeking a qualified and experienced accountant as Group Finance Manager based at their Head Office at Hereford, an unspoilt rural locality. This is a responsible and challenging post with a successful and progressive public company which is the leader in its product field. In Bulmers, individuals are encouraged to exercise freely their initiative and commercial acumen.

The successful applicant will be responsible to the Group Financial Controller and will have 'under' control a staff of about thirty-five.

Applicants should be currently earning at least £8,000 p.a. Conditions of employment are first class and will include participation in a Group Profit Share Scheme.

Please apply in the first instance to:—
Brian Carver,
Group Financial Controller,
H P Bulmer Limited,
The Cider Mills,
Plough Lane,
Hereford HR4 0LE.

Bulmers' Cider and a lot more besides

interscan

INTERSCAN is a young well-established company which specialises in marketing DEX facsimile terminals, communicating word processing and telephone call logging equipment. Our continuing success has created the following vacancies:—

Sales Executives

£10,000 +

Mature and experienced sales professionals are required for several areas in the U.K. Applicants should have a sound education and proven sales record in one or more of communications equipment, computer-related products, capital goods or business products.

Successful applicants will be selling one of the company's three product ranges in areas encompassing the major U.K. conurbations.

A remuneration package of high basic commission and quarterly bonus enables an on-target performance in excess of £10,000 to be offered.

General Engineering Manager

£10,000 +

A top-level management position to take overall responsibility of an expanding engineering department. This includes field services, installation, product development and stock control.

A good technical background in telecommunications and a knowledge of the application of micro-processor technology is essential. Also a minimum of four years' management experience with a proven ability to implement procedures in a rapidly growing company.

Basic £10,000 but negotiable, depending on experience and qualifications.

Company benefits for both positions will include car, business expenses, private medical insurance and pension plan. Both positions are open to both men and women. Apply in writing to: Mr. D. W. Knight, Managing Director, Interscan Communication Systems Ltd., 39, Montrose Avenue, Slough, Berkshire.

EDP MANAGER

c £25,000 tax free substantial benefits

SAUDI ARABIA

This is a top level appointment in one of the largest Saudi Arabian companies. The EDP Manager will take full responsibility for the Company's systems and programming resources, and for the operation of the Group's computer centre. He will play the major role in achieving the objective of a fully integrated computerised accounting and management information system.

Applicants should be university graduates or qualified accountants. Substantial experience in EDP management and a record of successfully installed major accounting and inventory systems are essential. Applicants should have had experience of medium scale commercial IBM or Univac installations.

The post demands a mature, well-balanced individual able to communicate clearly and persuasively in writing and orally to all levels of management. He must be creative, a good organiser and possess the drive to fulfil tight targets. He must have the flexibility to adapt to life in Saudi Arabia. Fluency in English is essential. Knowledge of Arabic and the Middle East would be an added advantage.

A tax-free remuneration package of circa £25,000 is offered. There is excellent modern office accommodation. Additional benefits include free first-class furnished modern housing with recreational facilities and utilities, medical and accident assurance and a car allowance.

Please write or telephone for an application form to W. L. Tait, quoting ref. 977/FT

Touche Ross & Co. Management Consultants
4 London Wall Buildings,
London, EC2M 5UJ.
Tel: 01-588 6644.

Company Secretary Designate

A well established London based group of fashion companies invites applications from suitably qualified and experienced persons for the above position. In the past three years we have tripled our turnover and are pursuing a programme of continuous expansion.

The appointment is wide ranging and an acute commercial awareness is essential. You will be assuming responsibility for the effective management of the group's financial, contractual and secretarial functions, working closely with a small experienced team.

Salary, which will be negotiable but competitive, will depend on experience.

Please write, in confidence, with full career details to:

Box A6771, Financial Times
10 Cannon Street, EC4P 4BY

Managing Director

£11,000

A small, light engineering company which is part of a quoted group requires a Managing Director. The business is a semi-automatic electroplating operation offering primarily electroplating services and also tube manipulation, presswork and fabrication. The company is now returning towards satisfactory profitability. The Managing Director will be expected to enhance performance through improved sales development, control systems and methods. Candidates, aged 32 and upwards, should have a background in selling and marketing within jobbing companies. More recently they should have had general management experience and developed an understanding of management information systems. Salary £10,000 plus car and bonus guaranteed at 10% in the first year. Location: North-West England.

PA Personnel Services Ref: GM34/6900/FT Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874
A member of PA International

CREDIT MANAGER

LEASING/FINANCE

c. £10,000

Our Client is a very well established international industrial Leasing/Finance company.

It now wishes to appoint an energetic and ambitious Credit Manager to run the department responsible for analysis of new business proposals and for credit control.

The ideal candidate would be a graduate, qualified accountant or banker with commercial experience and sound knowledge of medium/long term credit analysis. He/she must also be able to supervise and motivate others.

This is a challenging position and one that offers excellent prospects for personal career development.

Please telephone John Chiverton, A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London, W.C.1.
01-242 5841

Survey Controller

We are Credit Factoring International Limited, the UK market leaders in the fast-growing factoring industry. We provide a unique computerized credit control and sales accounting service to a wide range of industries within the UK and overseas.

As part of our planned expansion we seek to recruit a Survey Controller to join the specialist management team responsible for feasibility surveys on prospective client companies. Chief responsibilities are visiting companies, studying their sales accounting procedures, compiling statistical information from their records, reporting and making appropriate recommendations. A substantial amount of travelling within the UK is envisaged and a car will be provided.

Applicants, male or female, will have practical experience of all types of sales and purchase ledger and accounting systems in general use and a basic understanding of credit control procedures. Factoring experience is an advantage but not essential as training will be given.

This post offers an attractive salary and a generous range of benefits commensurate with our position as a member of a major banking group.

Applications, including full details of career to date, will be treated in confidence and should be addressed to:-

Mrs L M. Evans, Personnel Officer,
Credit Factoring International Ltd.,
Smith House, P.O. Box 50,
Elmwood Avenue, Feltham, Middlesex.

Credit Factoring International
A member of the National Westminster Bank Group

Jessel, Toynbee & Co. Limited

Bill Brokers and Bankers

EURODOLLAR CD DEALER

Jessel Toynbee are expanding their Euro-currency department and are looking for a replacement for their assistant dealer, who is moving to New York. Applicants should be in the age group 25-35 years and have had at least 3 years experience in dealing in $ CDs.

Salary and other benefits will be by negotiation according to age and experience.

Apply, with career details to The Secretary, Jessel Toynbee & Co. Limited, 30 Cornhill, London, EC3V 3LH.

SPECIAL ASSISTANT TO CHAIRMAN

A British Company solely engaged in British export of industrial projects invites an application from a person who accepts challenge.

Qualifications should include experience in high level negotiations and a financial background. A knowledge of marine or mechanical engineering would be an advantage.

French and Spanish are essential for this position (both spoken and written).

Excellent terms and conditions of employment.

Please send details and curriculum vitae to:
Box A6773, Financial Times, 10 Cannon Street, EC4P 4BY

Managing Director

(Food or Beverage Industry Background)

Tayside Region £20,000 Per Annum

A Managing Director is required for a new project being financed by an international investment group. Presently the company is constructing a new factory in Scotland and has, and is continuing to use, professional resources to research selected markets for the planned product range. The successful applicant will have international brand management experience in the food or beverage industries, and a proven record of having captured substantial market shares in new export markets. Breadth of general management experience is necessary too; as the Managing Director will be expected to assemble and lead a top-flight team. As the Managing Director will be expected to have dealings with government at local and national level, a Scottish educational background would be advantageous.

A marketing office has been established at the Group Head Office in London. Sales order processing and all administrative functions will be located at the factory. The investors already have experience of the industry concerned.

Write in the first instance to I.O.C., consultants in international operations, who have been involved in the project formulation, and are acting as managers for the company. All replies will be treated in confidence.

I.O.C., 22 HILL STREET, ST. HELIER, JERSEY

QS Banking Recruitment Consultants

DEPUTY CHIEF DEALER
to £14,000

BRANCH MANAGER (South Coast)
£9,000+

GENERAL BANKERS
to £6,500

Phone: Mike Pope
01-236 0731
30, Queen Street, EC4

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 15th May

Job Title	Salary	Location	Advertiser
Financial Manager	£9,000+Benefits	Middlesex	Hudson Shribman
Senior Assistant General Finance Sec.	£6,012-£6,345	South London	Greenwich Council
Financial Analyst	£5,500	London	Linguaphone
Management Accountant	£7,000	Surrey	PER London
Company Accountant	£6,750	Camberley, Surrey	Dennis Chatfield & Assoc.
Management Accountants	£7,500+Bonus £8,000+ £8,000+	London Holborn Reading	Accountancy Personnel Services
Young Qualified CA Tax Career	£9,000	London, WC1	Douglas Llambias Assoc.
Assistant to Group Finance Manager	£8,000+Benefits	London, W1	Extel Recruitment

For further details please see the FT of that date or Telephone Julie Burgess on 01-248 8000 ext. 526

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

BUSINESSES WANTED

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1978							
1st qtr.	107.0	102.0	99	106.4	246.4	1,409	188
2nd qtr.	110.8	104.5	95	107.9	254.4	1,387	213
3rd qtr.	111.5	105.1	103	110.7	266.6	1,380	213
4th qtr.	109.7	102.5	113	111.7	273.0	1,340	230
Nov.	109.5	103.5	130	110.5	269.7	1,339	231
Dec.	111.2	93.4	112	113.8	279.8	1,321	231
1979							
1st qtr.				110.3	276.1	1,351	234
Jan.	103.0	103.8	83	109.6	273.1	1,339	236
Feb.	110.4	110.5		110.4	275.4	1,363	231
March				110.8	279.8	1,350	238
April						1,311	250

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
1st qtr.	105.2	95.8	116.3	99.9	96.6	98.0	17.8
2nd qtr.	108.0	98.1	122.4	99.7	107.4	101.2	27.1
3rd qtr.	108.0	99.7	123.2	100.8	101.2	103.8	23.0
4th qtr.	105.3	96.7	123.4	96.4	97.6	101.7	20.2
Oct.	105.0	96.0	121.0	96.0	97.0	100.0	24.5
Nov.	106.0	96.0	123.0	95.0	93.0	104.0	20.7
Dec.	106.0	98.0	126.0	98.0	102.0	101.0	15.8
1979							
Jan.	100.0	91.0	117.0	91.0	77.0	95.0	10.1
Feb.	104.0	101.0	129.0	101.0	101.0	100.0	12.7
March							15.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance (£m); terms of trade (1975=100); exchange reserves.
Export volume Import volume Visible balance Current balance Oil balance Terms trade Resv. US$bn*

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
1st qtr.	119.6	113.6	−390	−361	−620	105.4	20.63
2nd qtr.	122.2	110.0	−173	+135	−414	104.5	16.75
3rd qtr.	124.9	114.4	−365	− 49	−501	105.7	16.55
4th qtr.	125.1	112.8	− 1	+359	−480	106.7	15.77
Nov.	122.6	114.1	−108	+ 12	−162	107.3	15.67
Dec.	126.7	113.0	+ 67	+187	−183	106.8	15.69
1979							
Jan.	113.1	107.3	−119	+ 1	− 60	107.7	16.26
Feb.	Not available due to industrial dispute						16.62
March							17.45
April							†21.47

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
1st qtr.	24.3	23.8	17.5	+1,811	1,049	1,373	6½
2nd qtr.	8.5	15.7	24.5	+2,832	694	1,506	10
3rd qtr.	16.8	5.5	8.6	+517	746	1,541	10
4th qtr.	9.7	9.7	8.8	+1,523	878	1,576	12½
Nov.	12.1	10.6	9.9	+143	261	561	12½
Dec.	9.7	9.7	8.8	+826	254	507	12½
1979							
1st qtr.	14.7	12.0	32.8	+1,702	777	1,586	13
Jan.	13.8	16.5	21.3	+896	289	525	12½
Feb.	21.5	20.3	24.1	+1,068	231	531	14
March	14.7	12.0	32.8	−262	257	530	13
April					343		12

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	151.8	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
Nov.	136.1	147.3	157.1	202.5	207.9	263.63	62.5
Dec.	138.0	148.3	158.3	204.2	210.5	257.69	63.2

* Not seasonally adjusted. † Reserves: now revalued annually, new estimates.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that
1. Nippon Kangyo Kakumaru Securities Co. Limited of Carpenters Hall, 1 Throgmorton Avenue, London EC2N 2AY, has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having transferred its business in the United Kingdom to Nippon Kangyo Kakumaru (Europe) Limited.
2. Nippon Kangyo Kakumaru Securities Co. Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 8th June, 1979.

THE COMPANIES ACT, 1948
IN THE MATTER OF
APHRODITE INVESTMENT LIMITED
Nature of Business: DEALERS IN LAND OR PROPERTY.
Winding-up Order made 9th April, 1979.
Date and place of first meetings: Creditors 30th May 1979, at Room G20 Atlantic House Holborn Viaduct London EC1N 2HD at 2.00 o'clock.
Contributories on the same day and at the same place at 2.30 o'clock.
H. W. J. CHRISTMAS,
Official Receiver and Provisional Liquidator.

THE COMPANIES ACT, 1948
IN THE MATTER OF
EANHURST LIMITED
Nature of Business: PROPERTY DEALERS.
Winding-up Order made 19th March, 1979.
Date and place of first meetings: Creditors 30th May 1979, at Room 239 Templar House 81 High Holborn London WC1V 6LP at 2.00 o'clock.
Contributories on the same day and at the same place at 2.30 o'clock.
L. R. BATES,
Official Receiver and Provisional Liquidator.

THE COMPANIES ACT, 1948
IN THE MATTER OF
ROYSTON DU MAURIER LIMITED
Nature of Business: MAIL ORDER RETAILERS.
Winding-up Order made: 12 March 1979.
Date and place of First Meetings: Creditors on Thursday, 31 May 1979 at Room G20, Atlantic House, Holborn Viaduct, London EC1N 2HD at 10.00 a.m. Contributories on the same day at the same place at 10.30 am.
The Court has ordered that Notice of the Statutory First Meeting of Creditors shall be by sending notice to the known preferential, trade, expense and loan creditors and by giving notice to the mail order customers and others who are creditors by advertisement in the 'London Gazette' and 'The Daily Telegraph' newspapers only. Persons claiming to be creditors of the above-named Company who come within the categories ordered to be notified by advertisement only and who wish to attend and vote at the meeting should notify the Official Receiver at Atlantic House, Holborn Viaduct, London EC1N 2HD from whom forms of proof of debt and proxy can be obtained. Proofs of debt and proxies to be used at the Meeting must be lodged with the Official Receiver not later than 12 o'clock noon on Wednesday 30 May 1979.
The Meetings are called for the purpose of determining whether a Liquidator shall be appointed in place of the Official Receiver, and whether a Committee of Inspection shall be appointed. Creditors' prospects of receiving any dividend which may become available in due course from the liquidation funds will not be prejudiced or diminished in any way by absence from the Meeting of Creditors.
G. B. GILLVRAY,
Official Receiver and Provisional Liquidator.

COMPANY NOTICES

VIKING RESOURCES INTERNATIONAL N.V.
Curacao, Netherlands Antilles
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shareholders of Viking Resources International N.V. has been called by the Manager, Caribbean Management Company N.V.
The Meeting will take place at John B. Gorsiraweg 6, Willemstad, Curacao, Netherlands Antilles on 7th June, 1979 at 10.00 a.m. The agenda may be obtained from the offices of the Company at John B. Gorsiraweg 6, Willemstad, Curacao or from the Paying Agent mentioned hereunder.
Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent against delivery of certificates on or before 31st May, 1979.
Willemstad, Curacao,
17th May, 1979.
CARIBBEAN MANAGEMENT COMPANY N.V.
Paying Agent:
Pierson, Heldring & Pierson N.V.,
Herengracht 214, Amsterdam.

ALLIED IRISH BANKS LIMITED
NOTICE IS HEREBY GIVEN that the Share Transfer books of the Company will be closed from 11th to 15th June, 1979, both dates inclusive, for the purpose of preparing warrants for a dividend in respect of the year ended 31st March, 1979.
By order of the Board.
O. B. MOTYER,
Secretary.
3/4 Foster Place,
Dublin 2, Ireland.
17th May, 1979.

C. T. BOWRING & CO. LIMITED
NOTICE IS HEREBY GIVEN that the transfer books will be closed from the 1st June, 1979, to 21st June, 1979, both dates inclusive, for the preparation and payment of the interest on the 5% Convertible Unsecured Loan Stock 1981 and 10% Convertible Unsecured Loan Stock 1987.
By Order of the Board.
KENNETH M. HALL,
Secretary.
Registered address:
The Bowring Building,
Tower Place,
London, E.C.3.

BURMA MINES LIMITED
(Incorporated under the Companies Act 1948 with the No.: 480212)
NOTICE TO FORMER SHAREHOLDERS IN THE BURMA CORPORATION LIMITED
(Liquidated in 1952)
Whereas: 1. By a Scheme of Arrangement which became effective in March 1952 shareholders in the Burma Corporation Limited became entitled, inter alia to one share in Burma Mines Limited ("the Company") for every share formerly held in the Burma Corporation Limited.
2. Holders in the Burma Corporation Ltd. were required to surrender their share certificates before receiving the shares in the Company to which they were entitled.
3. Sundry persons who were entitled to shares in the Company failed to surrender their certificates in the Burma Corporation Ltd.
4. The Company on 24th November, 1978, sent a Notice under Article 16 of its Articles of Association to the last recorded addresses of the said persons who have failed to claim their share certificates in the Company, requiring such persons to communicate with the Company's Registrars not later than 31st May, 1979, failing which the Company would exercise its right to sell such shares and to hold the proceeds on trust for the persons entitled to such shares.
Notice is now given to any person claiming to be entitled to any such share that he or she should communicate at once with the Registrars to the Company, Fenchurch Registrars Limited, 3, Bevis Marks, London EC3A 7HV, failing which the Company will proceed to sell such shares in manner aforesaid on the expiry of a period of three months from the date hereof.
By Order of the Board.
MRS. N. A. WINCHESTER,
Secretary.
17th May 1979.

APPOINTMENTS

New director for F. W. Woolworth

Mr. J. W. Lynn has been appointed a director of F. W. WOOLWORTH AND CO. Mr. Lynn, a corporate senior executive vice-president of F. W. Woolworth and Co., U.S., has responsibility for international operations.

★

Mr. Cholmeley Messer has been elected chairman of the UNIT TRUST ASSOCIATION. Mr. Messer was the first acting secretary of the Association of Unit Trust Managers (now the Unit Trust Association) when it was established in 1959. Until recently he was chairman of the UTA's Rules Committee. He joined Save and Prosper Group in 1967 and became chairman of Save and Prosper Sales in 1978.

★

Lord Carrington has resigned from the Board of RIO TINTO-ZINC CORPORATION following his appointment as Foreign Secretary.

★

Mr. G. R. Walsh has been appointed to the Board of MORGAN GRENFELL HOLDINGS.

★

Mr. Somerset B. Gibbs has been elected a non-executive director of UNICORN INDUSTRIES. He is a director of Rotaflex (Great Britain), Equity Consort Investment Trust and Equity Income Trust.

★

Mr. Richard King has been appointed chairman of SALE TILNEY AND CO.

★

Mr. Derek Vander Weyer, chairman of Barclays Merchant Bank and group vice-chairman of Barclays Bank, is the new president of the INSTITUTE OF BANKERS and chairman of its Council. He was elected president of the Institute for 1979-80 at the annual meeting yesterday.

★

Mr. Ian MacPherson has been appointed executive director in charge of the BRITISH LINEN BANK'S new London office scheduled to open in July. He

Mr. Ian Macpherson

joins the British Linen Bank from Manufacturers Hanover Trust Company, where he was in charge of its Edinburgh office as vice-president for Scottish affairs. Mr. MacPherson is a former partner in W. Greenwell and Company, stockbrokers.

★

Mr. E. P. Chappell, a director of Morgan Grenfell and Company, has become deputy chairman of the Institute in succession to Mr. Vander Weyer.

★

Mr. Anthony Tuke, chairman of Barclays Bank, is to be chairman of the 1980 BRITISH OLYMPIC APPEAL. The appeal will be for £1m to help train, equip and send the British team to the 1980 Olympic Games.

★

Mr. David J. C. Habgood and Mr. Gordon J. Gibson have been appointed to the board of BLUE STAR LINE.

★

Mr. P. M. E. Springman has been appointed a director of MSL EXECUTIVE SEARCH. He was previously a director of Heidrick and Struggles International.

★

Mr. Barry Templeman has been appointed a director of CAMEL FREIGHT, responsible for group sales.

★

Mr. Charles Gerrard has been made managing director of BRAIDWOOD DEVELOPMENTS succeeding Mr. Anthony Boardman who has left the company. Mr. Gerrard was previously with Francis Shaw.

★

Mr. J. Whitcroft has been appointed a director and general manager of BARTON CONDUITS.

★

Mr. Richard May-Hill, company secretary of S. A. BRAIN AND COMPANY, has been appointed financial director.

★

Mr. Bill Lawson Duncan has been appointed president of the FEDERATION OF ASSOCIATIONS OF SPECIALISTS AND SUB-CONTRACTORS. Mr. Peter Jerrard is senior vice-president, Mr. Bill Hilton, junior vice-president, and Mr. Digby Morgan-Jones treasurer.

★

Mr. R. B. Oakes has been appointed to the main board of MORRIS VULCAN. He is managing director of Vulcan Lighting and Leisure. Mr. David N. Gower has joined the board of Morris Vulcan (Sales) and Mr. Ian Baillie has been made home sales manager of that company. Mr. John C. Cooper, a non-executive director of Morris Vulcan, has resigned from the board.

★

Mr. E. R. Greey has been elected chairman and Mr. J. C. Cumberland, deputy chairman, of the STOCK EXCHANGE MIDLANDS AND WESTERN. Mr. Greey is a partner with Fyshe Horton Finney and Co., Birmingham, and Mr. Cumberland is a partner with Hopewell Powell Trease and Co., Nottingham.

★

THE CITY OF ABERDEEN LAND ASSOCIATION has appointed Mr. M. J. Whittles and Mr. M. A. Ratcliffe to the Board.

★

Mr. B. D. Hedley, production director with INTERNATIONAL PAINT - INDUSTRIAL COATINGS, has been appointed an additional deputy managing director of the company.

★

Mr. Peter Mollett has been appointed a director of STANLEY GIBBONS LIMITED and Mr. David Crocker has become a director of Stanley Gibbons Auctions.

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Contrary to prevailing marketing wisdom, manufacturers' brands are by no means losing out in the battle against own label

Resurgence of the brands

BY WINSTON FLETCHER

TO PARAPHRASE the old royalist chant, the brand is dead: long live the brand! That at least might be the slogan of the country's four most rapidly growing supermarket chains—Tesco, Sainsbury, Asda and Kwiksave—if important new data revealed last week by AGB's Harold Lind at a conference on the future of the brand prove to be an accurate reflection of recent trends in the grocery trade (as AGB's data usually does).

AGB's research, based on its Television Consumer Audit Panel of household purchases, showed first and very significantly that the vaunted growth of the multiple grocers over the last five years is not a generic trend: it applies only to the dynamic four. All other multiples, including Allied, Fine Fare, International and the rest, have seen their share of the total UK grocery trade stay static or decline, whereas Tesco, Sainsbury, Asda and Kwiksave have each leapt ahead, their total hite growing from 18.4 per cent in 1973 to 32.9 per cent last year, a literally astounding increase.

Perhaps still more astonishing, much of this growth, particularly in the last two years, has been achieved not via their own brands but through traditional manufacturers' brands. Asda and Kwiksave have never, of course, been strong own-brand merchandisers. On the other hand Tesco, and more especially Sainsbury, have marketed their own brands highly successfully. As the chart shows, two years ago two-thirds of Sainsbury's trade and virtually one-quarter of Tesco's were attributable to their own brands.

In both cases, and totally contrary to prevailing marketing wisdom, their sales and market share have recently been increased by the growth of manufacturers' brands at the expense of their own.

The triumphant onslaught of Checkout and Discount '78 were built on the back of Heinz, Kellogg, Stork, Nescafé and the rest; the own brands were but also rans. This simple fact turns topsy-turvy the marketing soothsayers' theory that as the multiples grab a greater share of the trade, their own brands will grab greater shares within them. During the last two years at least, that has not been happening.

With the profound wisdom of hindsight it is comparatively simple to explain these apparently paradoxical events. First, and most importantly, both

PRIVATE LABEL SHARE OF GROCERY SALES

12 weeks ending	Aug. '75	Aug. '76	Dec. '76	Aug. '77	Dec. '77	Aug. '78	Dec. '78
Tesco (%)	24	24	25	23	23	23	22
Sainsbury (%)	67	65	64	62	63	57	56

Source: AGB/TCA

Checkout and Discount '78 were strongly price oriented promotions, and price promotions depend for their success on comparability. It is difficult, not to say impossible, for housewives to compare prices (and more importantly values) between different own brand products, since these may well vary in size and quality, whereas manufacturers' brands are as constant as Left-wingers' hostility to advertising (well, more or less). When manufacturers' brand prices are slashed, the housewife quickly finds the best bargains available, and votes with her purse.

Second, and this is why it is crucial to retailers' own long-term interests for manufacturers to be allowed sufficient margins with which to advertise and build their brands, it is the strong consumer demand for manufacturers' brands which makes price cuts so attractive. To put it another way, nobody wants rubbish, no matter how cheap. The more that the superior quality of brands is perceived and wanted by housewives, the more effective price cuts (and all other sales promotions) will be. Asda and Kwiksave have realised this simple truth all along, although they still have little compunction about biting into the margins that feed them.

The third theoretical explanation of the manufacturers' brand resurgence is less easy to establish. Retailers' own brands are, as it were, on permanent price promotion: that is their raison d'etre. They are sold at close to the minimum sensible price to maximise their advantage over manufacturers' brands.

Thus, when the name of the game is deep and competitive price cutting, retailers' own brand margins, being consistently very slim, can hardly be taken much lower. Nevertheless, as data provided at the conference by John Irish, marketing director of Spar showed, they could certainly be cut. Spar's own label turnover in 1978 totalled some £75m. It accounted for 20 per cent of total sales but 25-30 per cent of the voluntary group retailers' profits.

On a wide range of brands, including Heinz baked beans, McDougall's flour, Typhoo tea and Andrex, Spar retailers' profit margin was nil, whereas the margins on their own brands varied from between 8 per cent and 14 per cent. Hardly luxurious, admittedly, but nevertheless still shaveable if cut-throat trading conditions unequivocally so demanded.

John Irish, who began by pointing out that grocery shops were probably still closing at the almost unbelievable rate of 130 per week, and that there are now fewer than 65,000 open and trading, reserved his main ire for those manufacturers whose pricing strategies allow multiples like Asda to retail their goods cheaper than Spar can buy them wholesale.

This, he emphasised, inevitably creates an atmosphere of hostility and distrust between manufacturer and retailer, an atmosphere in which, as he put it, trading conditions resemble jungle conditions; an atmosphere which, he believes, in the long run benefits nobody, except, as one questioner nimbly pointed out, the customer, although even for the customer it is fair to say, such benefits may be short-lived. Mr. Irish showed that in the first quarter of this year AGB's price statistics demonstrate that Asda and the other deep-cutters have been increasing their prices at a fair rate of knots.

His final point, which was forcefully underlined by Andrew McDonald, chairman of the Robinson McDonald marketing agency, in a provocative opening address, was that during the last decade the roles of retailer and manufacturer have largely been inverted.

In terms of the well-publicised growth of retailers' power, this is now little more than a truism. Mr. Irish and Mr. McDonald, however, were pointing to the knowledge, experience, talent and even glamour that had adhered to manufacturers' sales and marketing management ten years ago, but now adhered to retailers' marketing and buying people. Time was, Mr. Irish claimed, when the manufacturer's rep deigned to visit the retailer occasionally and allowed him to purchase such goods as were on offer. If that ever happened, it certainly now seems a millennium BC. (Before Checkout).

Apart from berating manufacturers' reps and advertising agencies for being too slow and ill-equipped to cope with the needs of today's fast-moving grocery trade, the main thrust of Andrew McDonald's talk was the need for more integrated manufacturer/retailer tailor-made promotions.

Forget the traditional geographia marketing and sales regions, he argued; the country is now divided into half-a-dozen multiples. At least as much time, effort and research as would once upon a time have been devoted to developing a marketing drive in, say, Scotland, should now be devoted to developing a marketing drive in, say, Woolworth.

This meant researching Woolworth's requirements and trading patterns, store layout and traffic; identifying Woolworth's own needs and those of its customers. Research the retailer, not the consumer, was Mr. McDonald's slightly over-emphatic thesis. Then, and only then, will it be possible to develop really specific and effective tailor-made promotions.

As the opening speaker, Mr. McDonald was not privy in advance to Harold Lind's AGB data on the resurgence of the manufacturer's brand. Perhaps if he had been, despite the cogency of his arguments, he would have been reminded that the consumer is by no means dead. Long live the consumer!

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Poster profits defended

CRITICISMS that the poster industry was generating excessive profits while offering poorer standards of quality and efficiency (this page last week) have provoked a sharp response from the contractors, writes Michael Thompson-Noel.

The criticisms were voiced by Multimark, a Nottingham-based poster monitoring company, and, to a lesser extent, by the Foote Cone and Belding advertising agency.

The three contractors named were More O'Ferrall, the London and Provincial Poster Group and Mills and Allen, each of which argues that the poster medium in Britain has made considerable ground in improving the quality of sites and service, and that current demand for the medium is an indication that the overwhelming majority of advertisers and agencies are satisfied with the service provided.

In a sense, it is quite likely that it is the medium's very prosperity that has helped provoke criticism, in the same way that apparent envy of the TV contractors' success and profits helps generate criticism of them.

The poster contractors say their profits are in no way excessive and must be judged in the context of the very low returns on capital seen during the slump of 1975-76. Mills and Allen, for example, which is a subsidiary of Mills and Allen International, says that its profits last year (its main activity is outdoor advertising in the UK and Ireland) were £1.83m against £767,000 in 1976.

Mills and Allen Ltd. also says that since 1975 its price rises have had to be pre-notified to the Price Commission.

More O'Ferrall and the London and Provincial Poster Group add that they have been particularly careful not to price the medium out of the market, wishing to reconcile current demand and prosperity with the medium's long-term interests.

Index now separate AGB subsidiary

INDEX, the AGB service that monitors personal savings, finance and spending using a 10,000-strong panel, has been registered as a separate operating company within the AGB Research Group. Dr. Stephen Buck, AGB's group director of research and development, says the move follows the successful growth of the service to date as well as its potential.

Payments in perspective

BY MICHAEL THOMPSON-NOEL

A FLAT COMMISSION or a negotiated fee? A full-service advertising agency or the specialised talents of the independent creative and media-buying shops? The debate over the agency commission system is to advertising and marketing what The Mousetrap is to the theatre: a phenomenon whose surviving claim to fame is sheer longevity.

Or is it? The debate received a fresh stir at the start of this year when the Newspaper Publishers Association and the Newspaper Society introduced new agency recognition agreements which omit any reference to specific levels of agency commission—traditionally, 15 per cent.

The move helped focus attention once more on how much agencies should be paid for their work, how it should be paid and who should pay it. Are advertisers better off using a full-service agency that receives a commission on media expenditure in return for providing a total advertising service, or are they better off employing the specific services of creative and media specialists and paying them a fee? (The situation is complicated by the fact that accounts serviced on a fee basis provide part of the income of most full-service agencies, but no matter).

It is a simple issue, you might have thought: if advertisers have a clear idea of what they wish to achieve with their advertising budgets, they ought to possess equally clear ideas about how to allocate those budgets and how best to remunerate the agencies or specialists they employ.

Unfortunately, it is not yet as easy as that, which is why the debate wanders on and why a Marketing Week conference on the commission system proved a sell-out in London this week.

The case for the full-service agency was put by Michael Manton of Manton Woodyer Ketley, Martin Boase of Boase Massimi Pollitt Univas, and by Bill Murphy of McCann-Erickson. They were countered, on behalf of the media and creative independents, by David Bernstein and Laurence Isaacson of The Creative Business, Don Beckett of The Media Business, John Simmons of The Simmons Consultancy and Paul Green of Media Buying Services. For good measure, Ron Miller of London Weekend Television and Brian Nicholson of The Observer explained why they preferred the commission system.

The arguments and counter-arguments concerning full service agency versus specialised independent are excessively familiar. What seems almost certain is that the situation in the UK will continue to develop along U.S. lines, with few genuine alarms. (In both countries the split between total commission and fee income is approximately 70:30).

According to Bill Claggett, vice-president for advertising and marketing services at Ralston Purina, whose annual advertising budget is $200m and which uses up to ten advertising agencies: "I believe that clients will continue to experiment with different and improved ways of working with and compensating their agencies. While the subject of agency compensation is certainly a topical one, we should not lose sight of the fact that our focus must be on obtaining effective advertising. Cost cutting should not be permitted if it seriously dilutes the quality of agency service we receive. The money we save in reducing the relatively minor amount of dollars spent in agency compensation can certainly be negated by a few share points decline in the market place."

Which seems to say it all.

Colman gains extra £1.15m

THE NEWLY-FORMED Saatchi and Saatchi International, formerly the Roe and Partners subsidiary of the Saatchi and Saatchi Company, has lost two accounts to Colman and Partners in the wake of the departure of ex-Roe managing director Paul Forster and creative director Paul Wilmot, both of whom joined Colman shortly before the reorganisation of Roe and Partners.

Farley Health Products has switched its Complan and Hallborange brands, whose combined ad budgets are worth in excess of £500,000, and Lesney UK Sales has transferred its £650,000 Matchbox account.

David Sparks, marketing manager at Lesney, said the company had felt it necessary to review the situation because of the management changes at Roe. Apart from Colman and Partners, it held informal talks with three other agencies, Boase Massimi, Interlink and ABH. The decision was made primarily on the strength of Colman's committment and current work, said Mr. Sparks.

According to Farley Health Products: "The decision to appoint Colman's was made to ensure the continuity of direction given by the former Roe Board members at a time of developing new creative themes for both brands."

The gains take Colman and Partners' current billings to £8.5m.

- H. J. HEINZ is announcing its biggest-ever UK advertising and promotion programme in London tomorrow, including an £8m spend in the consumer media.
- LEGRAND ELECTRIC, the UK subsidiary of Legrand SA, has appointed the McBride Partnership on a fee basis.

LOMBARD

The Tories and working wives

BY MARY CAMPBELL

WE NOW HAVE a woman prime minister; and whether we like it or not the eyes of the world will focus on this fact. It would be a great pity if the Conservative Party's moves in the area of female emancipation were retrograde rather than non-existent, neutral or forward looking.

Thankfully, the position of women was a subject Mrs. Thatcher did her best to ignore throughout the election campaign. However, the one pledge which particularly concerned women in the Conservative Manifesto would put the clock back in the context of women's moves to achieve equality before the law. At the same time the line which Conservative women seem to be taking in the important matter of tax is based on assumptions about the position of women as it used to be rather than as it is.

Immigration

The first point is the Manifesto pledge to end what is described as the "concession" introduced by the Labour Government in 1974 whereby foreign husbands and fiancés of British women were given the same rights of settlement and nationality in Britain as the foreign wives and fiancées of British men have always had. For Tories this is apparently an immigration issue; but for British women the move was not a concession at all—merely one link in the long process of eliminating the ways in which women were traditionally unequal before the law. British citizens, if women, should not be effectively forced to move abroad if they want to marry a foreigner.

The Conservative women's proposals on tax were made earlier this year in a pamphlet called Women and Tax. The main new proposal in the document is that the earned income allowance of married women who work should be extended to the husbands of those who do not. The argument behind the proposal seems to be that the tax system discriminates against married women who do not work.

The reasons why the Tory Party should forget this proposal are numerous and diverse. They start from the fact that giving married women an earned income allowance is arguably not discrimination at all. Even if it were, it is about the most innocuous piece of discrimination in a tax system characterised by discrimination all through. The money to pay for the proposed extension of the earned income allowance would have to come from somewhere—who would be discriminated against in order to extend it?

The nub of the objection is twofold. First, if some of the Government's limited resources are to be devoted specifically to women, the proposal is about the most irrelevant which could be offered. Second, it runs directly counter to the whole Tory philosophy of incentive.

Well over half of married women aged 18-59 now work at least part-time. The proportion of mothers with dependent children who work at least part time is not far from 50 per cent. These figures have risen sharply in the last 15 years.

The emphasis on equality for married women who do not work is quite out of touch with trends in the position of women. What is needed is more recognition of the extra problems and costs incurred by families where both partners work.

The women who need money most are those whose husbands are not earning enough to support them and whose children are too small for the mothers to find it easy to work, even part-time. Most of the women who would benefit from the proposal to extend the earned income allowance are those whose husbands can afford to support them anyway.

Incentive

Finally, incentive. At present, the women's earned income allowance provides a fiscal incentive to all married women to contribute to the nation's gross national product. The higher their husband's marginal tax rate, the greater the purely financial incentive.

The greatest element of wasted manpower (sic) in this country is probably still that group of women whose children are beyond the stage of needing full-time personal attention. If Mrs. Thatcher believes in incentives to work as a means of getting this country going, she should surely concentrate on encouraging this group to work. Above all, she should not bow to pressure from Tory women to increase the Budget deficit in order to remove such meagre fiscal incentive as already exists.

A French 'revolt' in the lower courts

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE ADAPTATION of the law to the new circumstances is a continuous process and no legal system can do without creative judges. The difference between the two British legal systems and their counterparts on the Continent, said to be due to the absence of the rule of judicial precedent in Europe, is more a matter of theory than of practice. Continental judges, though not strictly bound by the decisions of superior courts, observe them nonetheless: they see no point in having an unnecessarily large proportion of their decisions reversed on appeal.

But from time to time, when a country's supreme court, like the proverbial bull in the china shop, destroys some particularly cherished object of legal art, the lower courts revolt. Such now seems to be the situation in France, after the Court of Cassation ruled in Janousek v Georges et Cie that the employer's failure to provide a former employee with a written statement of reasons for his dismissal within the statutory time limit was not a mere procedural shortcoming but a substantive fault which vitiated the dismissal and entitled the employee to compensation of not less than six months of his salary.

An Act adopted in France on July 13, 1973, imposed on employers two obligations when dismissing an employee. First, they must inform the employee of their intention to dismiss him and give him a chance to discuss the matter with them. The second obligation is to provide a written statement of the reasons for the dismissal, should the employee ask for one within 10 days of being given his notice. In the parliamentary debates preceding the adoption of the 1973 Act, the committee report stated, "There are degrees of culpability in a failure to observe the procedural rules . . . and we can leave it to the judge to assess that degree." Until the Janousek case, however, judges felt that they could assess the culpability only within the limits set by the French Labour Code which distinguishes between procedural and substantive faults of a dismissal.

Prior to the Janousek decision, it was assumed that a failure to give written reasons for dismissal was merely a procedural fault. The Court of Appeal of Amiens thought so when dealing with the case.

This decision however, was reversed by the Court of Cassation, which held that the failure to communicate in time and in writing the reasons for dismissal was so detrimental to the employee's legal position that it made the dismissal unfair even if the employer had a real and serious cause for dismissal.

This ruling has been criticised and some lower courts have refused to follow it. The Paris Court of Appeal, for example, classified a written statement of reasons for dismissal delivered after the statutory limit of 10 days had lapsed as merely a procedural defect. Some commentators argue that while wishing to improve the employees position the Court of Cassation has actually worsened it.

Employers, fearing that they could fail to answer a late request in 10 days will now be in a hurry to include reasons in the letter of dismissal. As even defamatory statements are privileged on such an occasion, this may make the position of an employee more difficult when applying for a new job.

* * *

WHILE the French Court of Cassation interpreted dismissal rules so strictly that it transformed a procedural fault into a substantive one, the European Court in Luxembourg, which is often said to follow French methods of interpretation, continues to relax procedural and other rules laid down in EEC law for the protection of individuals and companies effected by EEC measures.

It has done so again in two judgments (Cases 98/78 and 99/78) concerning the validity of several regulations imposing an extra duty on imports of red and white wines from non-member countries and from Italy. This was designed to compensate for the revaluation of certain currencies (in particular the Deutsche Mark) and to prevent the Germans from buying Yugoslav or Italian wines cheaper than, for example, French wines.

In Case 98/78 the importer hit by these regulations was A. Racke of Bingen am Rhein, which had some Yugoslav red and white wines in its bonded warehouse and put it on the market between March 9th-30th 1973. Until that time there were no extra duties or "monetary compensatory amounts" (MCAs) as they are called—applicable to any other but table wine and the EEC wine producers were protected against imports of cheaper wine from non-member countries by a system of reference prices which the exporters undertook to observe. Racke had no reason to suspect that quality wine imported from Yugoslavia would be made subject to these extra import duties. Indeed, the fact that the enabling regulations gave the Commission power only in respect of table wine and moreover only if there was a danger that the market would be "disturbed" seemed to him to exclude such a possibility.

However, after the Yugoslav wine had been sold the hapless importer was caught in a whirlwind of EEC regulations. First appeared, on March 5, Regulation 741/73 which altered the MCAs fixed by regulation 649/73, about which no-one had heard so far, but which was published seven days later on March 12 but bearing the date March 9, and, for good measure, providing that it should be retroactive from February 26. Another regulation with further alterations followed on March 27. It is not surprising that "in order to remove the uncertainties" the German Minister of Finance decreed that for the period from February 26 to March 8 MCAs were still not to be charged on goods which had been brought under the system for the first time by regulation no. 649/73.

However, the sales made by A. Racke between March 9 and March 30 were caught by the regulations and taxed accordingly by the principal customs office in Mainz. Racke appealed against this and the Federal Finance Court referred the case to Luxembourg asking a number of unpleasant questions. Was the imposition of MCAs on Yugoslav quality wines valid when the Commission only had power to tax table wines? Yes, said the court, one can speak of quality wines only if they originate within the Community.

Did not the retroactive application of the regulation jeopardise the importer's financial planning and expectations? No, said the Court, the Commission had adopted special measures to bring its intention to the attention of the industry (meaning that importers should have read predictions which appeared in a publication called Vereinigte Wirtschaftsdienste).

According to Article 191 of the EEC Treaty, if nothing else is provided, regulations come in force on the 20th day after publication. But what was the date of publication, asked the Federal Finance Court? The date printed on the official Journal, the date when the Journal actually became available in the EEC Publications Office in Luxembourg or the time when it became available in the territory of a member state? The date printed on the Journal, said the Court, except if there was evidence that the Journal had not appeared on that date but had become available only later in the Luxembourg office.

So take care; the date printed on an official journal of the Community may or may not be the true date of publication. You had better make a short trip to Luxembourg to find out.

Vaigly Great for Duke of York

RACING

BY DOMINIC WIGAN

YORK stages yet another top-class day's racing this afternoon. Two of the principals in action, Vaigly Great and Nicholas Bill, may further enhance their Royal Ascot prospects with victories in the feature events. Newmarket-trained Vaigly Great runs in the Duke of York Stakes before being pitted next month against Sigy and the best from Ireland in the Kings Stand Stakes.

Impressive winner of last season's Burmah-Castrol Ayr Gold Cup and Newcastle's Northumberland Sprint Trophy, Vaigly Great, a chestnut four-year-old by Great Nephew, has shown himself to be an improved performer this term with two memorable successes.

Reappearing in the Ladbroke Abernant Stakes, he justified stable confidence, drawing clear below the distance to put four lengths between himself and the evergreen Abernant specialist, Boldboy. That effort was followed by an equally fine display in the Palace House Stakes at the Guineas meeting.

Greville Starkey took the lead running into the dip and Vaigly Great's speed quickly triumphed. Although Michael Stoute believes that Vaigly Great is probably at his best over five furlongs, there is no doubt that he remains a top-class performer at six.

I fully expect to see him not only running on at the end of today's race, but in command at every stage. Future Forest, who returned to winning form with a neck success over veteran Offa's Mead, to whom he conceded 16 lb, in the Lancashire Handicap at Haydock, usually runs well here. I foresee either Stanford or Thatching chasing Vaigly Great home.

The first-named, a narrow conqueror of Miami Springs in the Gimcrack Stakes here last summer, did not appear to last out the trip when beating a retreat in the closing stages of Newbury's Clerical and Medical Greenham, won by Kris.

Nicholas Bill brushed aside Mitchelstown and Vaigly Great's odds-on stablemate, Shangamuzo, in the two-miles Sagaro Stakes at Ascot early this month. He may deal just as efficiently with his opponents in the Group 2 Yorkshire Cup. The 14 furlongs of today's race is on the sharp side for him, and I expect both Obraztsovy and Sea Pigeon to make him pull out the stops.

Four recent winners go to post for the Wilkinson Memorial Stakes, won a year ago by the fast Proper Madam. This opening event seems sure to get proceedings off to an exciting start. My idea of the outcome is a win for the Clive Brittain-trained Zedative.

YORK

2.00—Zedative**
2.30—Vaigly Great ***
3.05—Berzol
3.35—Nicholas Bill
4.05—Jubilee
4.35—Blue Patrol*
5.05—Senator Sam

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.41 For Schools, Colleges. 11.25 Golf: The Colgate PGA Championship. 12.45 pm News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Golf. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Boss Cat. 4.40 Screen Test. 5.00 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Happy Ever After.
8.30 Living Legends.
9.00 News.
9.25 Wodehouse Playhouse.
10.00 Kiss Me, Petruchio.
10.50 Tonight.
11.30 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.50 Thursday Night. 11.25 News and Weather for Scotland.

Wales—11.30 am I Ysgolion. 11.50 Join BBC1 (Golf). 5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.30 News and Weather for Wales.

Northern Ireland—11.30 am For Schools (Ulster in Focus). 11.50 Join BBC1 (Golf). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight on Northern Ireland Affairs. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
3.55 pm Golf: Colgate PGA Championship.
4.50 Open University.
6.55 When The Boat Comes In.
7.45 Mid-Evening News.
7.55 Newsweek.
8.30 The Paper Chase.
9.15 Midweek Cinema: "Magnificent Obsession" starring Jane Wyman and Rock Hudson.
11.00 Late News.
11.15 Golf: Colgate PGA Championship (highlights).
12.05 am Fox Watch.

LONDON

9.30 am Schools. 12.00 Gideon. 12.10 pm The Pipkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Money Go Round. 2.25 TV Movie: "That No One Can Save Her." 3.50 Quick on the Draw. 4.20 Little House on the Prairie. 5.15 Gambit.
5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 Bionic Woman.
8.00 Leave it to Charlie.
8.30 TV Eye.
9.00 Hazell.
10.00 News.
10.30 Inside Business.
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: Oliver Maguire reads from Milton's "Paradise Lost."

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Lannigan's Rabbi. 4.20 The Next Week Show. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Survival. 7.30 Mind Your Language. 10.30 Theatre Girls. 11.35 TV Movie: "The Art of Crime." 12.55 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 4.20 Jossy Quest. 4.50 Island of Adventure. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Format V. †11.00 Cinema Showcase: "The Spiral Staircase" starring Dorothy McGuire and George Brent.

BORDER

1.20 pm Border News. 2.25 "Tell Me Where It Hurts." 5.15 Call It Macaroni. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 European Elections. 11.00 Barnaby Jones. 11.58 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 Project UFO. 5.15 Gambit. 6.00 Channel News. 6.10 The Beatles. 7.00 Chips. 10.28 Channel Late News. 10.35 Vision USA. 10.50 Movie Premiere: "Lanigan's Rabbi." 12.20 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.25 McMillan. 5.15 Bailey's Bird. 6.00 Grampian Today. 7.00 Police Newsroom. 7.05 Six Million Dollar Man. 10.30 They Happened To Me. 11.00 Reflections. 11.05 The New Avengers. 12.05 am Grampian Late Night Headlines.

GRANADA

1.30 pm Cartoon. 2.25 Thursday Matinee: Quincy. 4.20 Project UFO. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Survival. 7.30 Makin' It. 10.30 What's On. 11.00 What The Papers Say. 11.20 Dan August.

HTV

1.20 pm Report West Headlines. 2.25 TV Movie. 4.20 Bailey's Bird. 4.50 Wyatt's Place. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 What's On Next? 7.00 Fantasy Island. 10.35 Gallery. 11.05 Sidestreet.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.50-5.15 Seren Wib. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd. 10.35-11.05 Grand Prix—Bristol Fashion.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News. 2.25 Fireside Theatre. 3.20 In a Balloon Over The Alps. 4.20 The Rolf Harris Show. 4.50 Red Gauntlet. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Thingummyjig. 7.30 Survival. 10.30 Two Plus Two. 11.00 Pro-Celebrity Darts. 11.30 Late Call. 11.35 S.W.A.T.

SOUTHERN

1.20 pm Southern News. 2.25 "Time Gentlemen Please." 4.20 Project UFO. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Southern News Extra. 10.35 Your Westminster. 11.05 New Avengers.

TYNE TEES

9.25 am The Good Word followed by North East News. 2.25 The Nature of Things. 3.20 Dynomutt the Dog Wonder. 4.20 Beachcombers. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Double Top. 11.05 Canadian Playhouse. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Dynomutt the Dog Wonder. 4.50 Bailey's Bird. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Counterpoint. 11.00 Thursday Night. 11.05 Church Report. 11.35 Barnaby Jones.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 Project UFO. 5.15 Gambit. 6.00 Westward Diary. 7.00 Chips. 10.32 Westward Late News. 10.36 Politics West. 10.50 Movie Premiere: "Lanigan's Rabbi." 12.35 am Faith for Life. 12.40 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 The New Avengers. 3.20 Life Style. 4.30 Rocket Robin Hood. 4.45 The Life and Times of Grizzly Adams. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Pro-Celebrity Darts. 11.00 Fantasy Island.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Paul Burnett. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Andy Peebles. 8.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen (S). 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.25 David Hamilton including racing from York (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Would The Last Businessman . . . 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You And The Night And The Music with Sheila Tracy (S).

RADIO 3

‡6.55 am Weather (comprehensive forecast). 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Weill (S). 10.00 Piano Recital (S). 10.55 Voice and Instruments (S). 11.45 Zurich Chamber Orchestra (S). 1.00 pm News. 1.05 Darius Milhaud (S). 1.55 "Amadis des Gaules," opera in three acts by J. C. Bach (S). 3.55 Beethoven and Mendelssohn Piano Trios (S). 4.55 Harald Genzmer's Concerto for Organ (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Concert: Mozart, Schumann. 7.10 Igor Markevitch (S). 8.00 "Rosencrantz and Guildenstern Are Dead," by Tom Stoppard (S). 10.00 Music In Our Time by Zimmermann (S). 11.00 Bach Cantata (S). 11.55-12.00 News.

VHF Only—6.0-7.0 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Just a Minute (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Perspective: Lord "Rab" Butler talks about politics. 3.35 Westward Ho (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1979 (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Kaleidoscope. 8.00 Birgit Nilsson and the LSO, part 1: Mendelssohn, Verdi (S). 8.40 Travels of a Gentleman. 9.00 Birgit Nilsson and the LSO, part 2: Verdi, Mussorgsky (S). 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 79. 10.03 Late Night London. From 12.00 midnight join Radio 2.

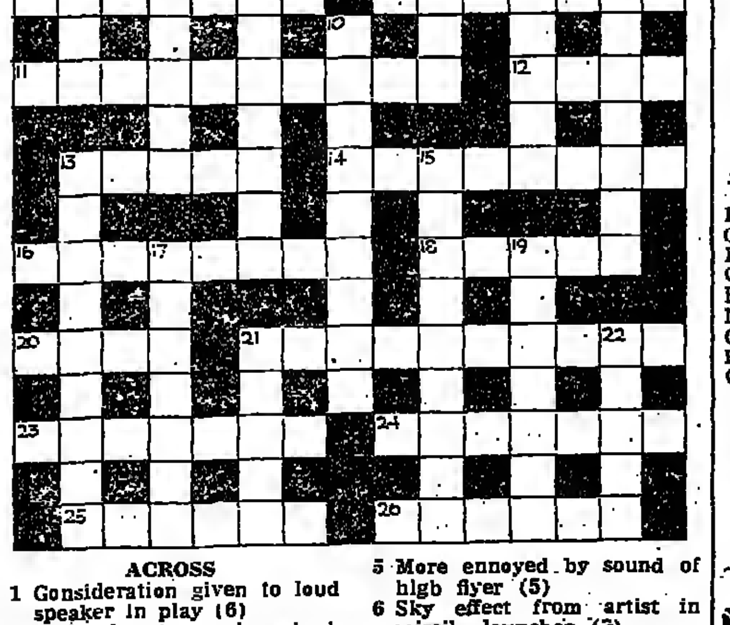
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-3 pm LBC Reports with George Gale at 3 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.03 London Today (S). 7.15 Who's Watching You? 8.30 Adrian Love (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,973



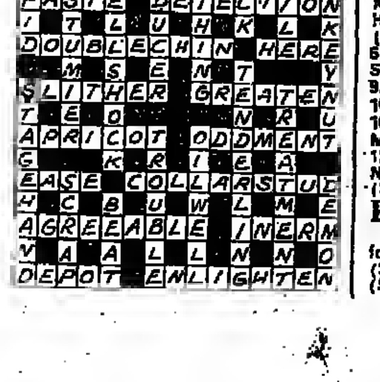
ACROSS

1 Consideration given to loud speaker in play (6)
4 Girl almost on horseback (6)
8 Sediment from Home Park (7)
9 Writing for those feeling their way (7)
11 Tool involved in fight by bridge (3, 7)
12 A lot of trousers (4)
13 Odds to manipulate during shoot (5)
14 Blow in the face (4, 4)
16 Single merit rating for state of Texas (4, 4)
18 Game of snooker is in fashion (5)
20 Guy giving support (4)
21 Police station's dance in small store (4-2, 4)
23 Day one had meals until completely full (7)
24 Guess small number go to hell (7)
25 Wildly important sounding boy (6)
26 Letter in smaller amount of gold (6)

DOWN

1 Give up on account of leave (5)
2 Holiday-maker all at sea in warship (7)
3 Forward blast of air from the barrel (2, 7)
5 More annoyed by sound of high flyer (5)
6 Sky effect from artist in missile launcher (7)
7 Application from coach (9)
10 Place for 12 being tortured (2, 3, 4)
13 Insufficient flourish from radio band (5, 4)
15 Wealth of a receiver absorbing influenza (9)
17 Heavenly cathedral transgression about article (7)
19 Sailors going to church on board brought to the boil (7)
21 Plenty go round bend on finding blossom (5)
22 Admit with some hesitation to being a man of property (5)

Solution to Puzzle No. 3,972



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA.

COVENT GARDEN. THE ROYAL BALLET. THE ROYAL OPERA.

SADLER'S WELLS THEATRE.

THEATRES

ADELPHI THEATRE. LONDON'S HAPPIEST MUSICAL.

ALBERY.

ALDWYCH. ROYAL SHAKESPEARE COMPANY.

AMBASSADORS.

APOLLO THEATRE.

ARTS THEATRE.

ASTORIA.

CAMBRIDGE.

CHICHESTER FESTIVAL THEATRE.

COMEDY THEATRE.

CRITERION.

DUCHESS.

DRURY LANE.

FORTUNE.

GARRICK.

GLOBE THEATRE.

GREENWICH THEATRE.

HAYMARKET.

HER MAJESTY'S.

KINGS HEAD.

LYRIC THEATRE.

MAY FAIR.

NATIONAL THEATRE.

OLD VIC.

OPEN AIR REGENT'S PARK.

PALACE.

PALLADIUM.

PHOENIX THEATRE.

PICCADILLY.

PRINCE EDWARD. EVITA.

PRINCE OF WALES.

QUEEN'S THEATRE.

RAYMOND REVUEBAR.

RIVERSIDE STUDIOS.

ROYAL COURT.

ROYALTY.

SAVOY THEATRE.

ST. MARTIN'S. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN 27th YEAR.

SHAFTESBURY.

STRAND.

STRATFORD-UPON-AVON.

TALK OF THE TOWN.

VICTORIA PALACE.

VAUDEVILLE.

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Record Review

Blood and thunder

by RONALD CRICHTON

Donizetti Lucrezia Borgia. Sutherland, Horne, Aragall, Wixell/London Opera Chorus/National PO/Bonynge. Three records in box. Decca D93D 3, £13.50. Cassette K93K 32, £13.50

Puccini La Fanciulla del West. Neblett, Domingo, Milnes/Chor. and Orch. ROH Covent Garden/Mehta. Three records in box. DG 2709 078, £14.50. Cassette 3371 031, £14.85

Lucrezia Borgia was a Victorian war-horse, a great success elsewhere too (first performance, La Scala, 1833), but closely associated with Her Majesty's, where Grisi and Mario sang it and later Therese Tietjens. It was an essay by Herman Klein with a photograph of Tietjens that first aroused my interest in this opera. The diva looked fat, black-bustled and thunderous—like many theatrical images of the period at once comic and truly formidable. The opera is an excellent example of the barnstorming kind, written at speed but with Donizetti's melodic invention working full time. Tune after tune rolls out, the *banda* blares in the wings, more than once cornets in the pit double the voices on stage—to be echoed no doubt by a hundred barrel-organs in the London streets. Romantic Italian backdrops, crimson plush, gilt, gaslight. . . .

Of course it isn't really as elementary as that. Donizetti's librettist Romani adapted Victor Hugo's drama on the same subject. He accepted Hugo's lurid view of Lucrezia Borgia as an out-and-out villainess, redeemed only by a streak of maternal love, but he was too squeamish to add Hugo's finishing touch—that the father of Gennaro, the illegitimate son whose identity Lucrezia reveals too late to save him from one of her poisons, was her own half-brother. However, Romani kept Gennaro's five companions, who form a kind of semi-chorus (the real chorus has little to do) and with the secret agents Astolfo and Gubetta enable Donizetti to build up swift-moving ensembles to set off the heavier stuff. Orsini, Gennaro's closest friend, is a travesty role for contralto. The remainder are male voices, but since three of them are light tenors the effect is not so sombre as the booklet for the recording would have us believe.

Lucrezia is a whale of a role. Joan Sutherland's voice, except for two notes at the extreme lower end of the compass, remains in magnificent shape. It seems churlish to complain that she croons droopily in the Romanza "Com'è bello" sung as Lucrezia (wandering about Venice alone, as she thinks) is bending over the sleeping form of Gennaro, or that there is little venom in her taunts to Alfonso d'Este that he is her fourth husband and had better watch his step. Elsewhere, especially when rhythms are lively, the sound is wonderfully full, healthy and supple.

Donizetti surely remembered what Romani left out. Gennaro's attitude to Lucrezia has an ambivalent nervosity, as though he half-suspected an awful secret. In a sudden moment of petulance he obliterates with his dagger the initial B on a carved stone crest, leaving the word "orgia" (was this the origin of the Farjeon revue number "There's a Borgia orgy tonight?") Giacomo Aragall has less sweet tone than other leading Spanish tenors today but it has a virile ring. Though he occasionally hurries through a phrase that would repay more emphasis, he conveys the right sense of passionate desperation.

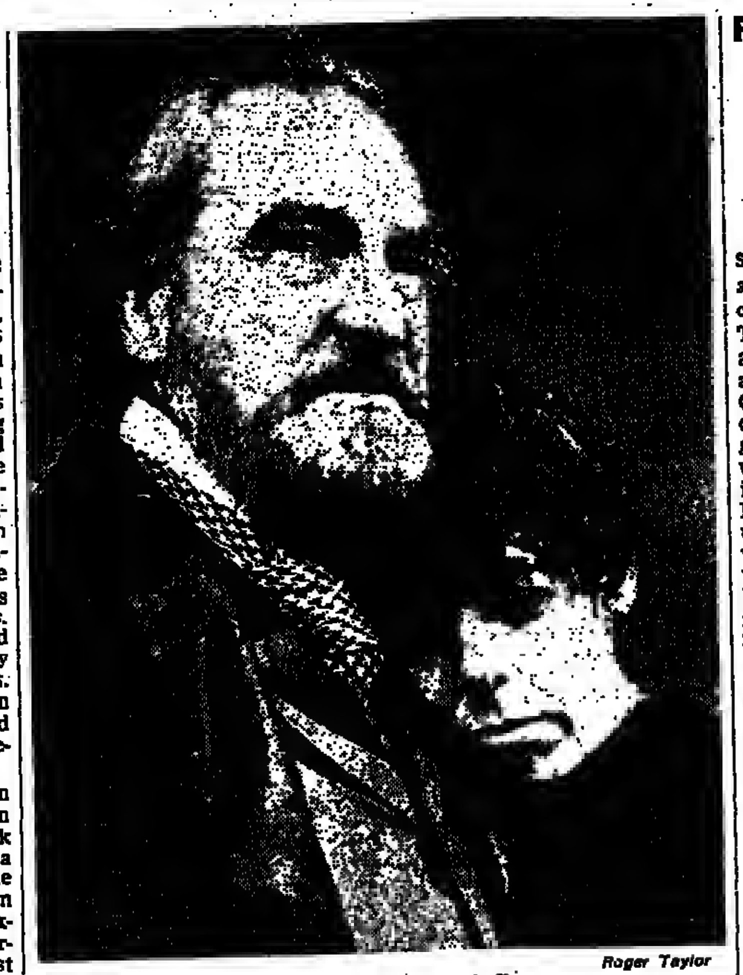
Husband Alfonso does not have much to do, but what he has is good enough to have attracted Lablache to the role. Ingvar Wixell, in excellent form, shows why. Marilyn Horne's trumpet-toned Orsini has absolute confidence as well as swagger. The scene with the Brindisi, in which bursts of leaping coloratura are separated and highlighted by sinister interruptions — voices-off prophesying doom, candles going out and doors mysteriously locked—is a brilliant piece of operatic guignol. The numerous small parts are well taken, notably by Graeme Ewer as Rustighello and Richard Van Allan as Gubetta.

Richard Bonynge conducts energetically. He is more wholeheartedly supported by the London Opera Chorus than by the National Philharmonic Orchestra, who go through their paces without the extra polish that would have added distinction to an already enjoyable set. The edition is a full one. The fine aria added for the tenor Ivanov (and unearthed by Mr. Bonynge) is in. The final scena includes both the tenor arioso and the bravura ending for the soprano, which Donizetti, who had written it against his will for Méric-Lalande, the first Lucrezia, subsequently preferred to omit.

La fanciulla del West has more in common with *Lucrezia* than might be supposed. The story is an equally lurid mixture of brutality and tears. The later opera also has a large number of subsidiary roles from which Puccini concocts even more elaborate ensembles than Donizetti. And if one says that on the whole Donizetti and Romani were more successful than Puccini and his librettists in maintaining a just balance between foreground and background, that is because Puccini, master-magpie as well as master-craftsman, put so much into his vignettes of Gold Rush life in California. He had his ear cocked on what was going on outside Italy in the musical world of the first decade of the century, knowing what to absorb and how to use it to advantage. He anticipated much — for instance, Milhaud's Latin-American rhythms and the clashing seconds of the women's trio-quartet in *Peter Grimes*. What is more, he anticipated himself — *Turandot*, especially the music for the three masks. And even Minnie, carrying on about her first kiss, is revealed as a spiritual cousin of the ice-cold princess.

This Deutsche Grammophon recording is the Covent Garden production with a new Jack Rance, Sherrill Milnes. Mehta gets a fuller, more immediate sound from the Covent Garden orchestra than any conductor except Solti, but on disc the perspective shifts. One notices most of all the admirable playing of the hundred and one pleasing or surprising details of scoring and harmonic colour Puccini lavished on the score. The big tuttis, on the other hand, exciting in the theatre, become here a trifle heavy and over-insistent. But in such matters as off-stage voices, which in these days of economy and slackening standards are sometimes clumsily handled, the issue cannot be faulted. Since the effect of this opera depends much on episodes like the approach from a distance of the ballad-singer Jake, this is important.

The part of Sheriff Rance fits Milnes like a glove. Placido Domingo sings out more freely than he did at the first night of the production. The sound is admirable, everything he does is musical, yet he doesn't quite create a believable character as less vocally gifted Dick Johnsons can do in the theatre. Carol Neblett's Minnie is also in better voice than she was on that occasion. She handles the line fearlessly, but without her striking presence one notices that the vocal material isn't always as good as the use she makes of it. Unfortunate, no doubt, to hear Miss Neblett immediately after Sutherland, who has about the same range and would surely be an exciting Minnie. As in the theatre the numerous small parts are expertly taken. At least Francis Egerton as the bar waiter Nick, Robert Lloyd as the Wells Fargo agent, Gwynne Howell as Jake the minstrel, Jonathan Summers as soft-hearted Sonora, must be mentioned.



John Phillips and Francis de la Tour   Roger Taylor

Half Moon

Landscape of Exile

by MICHAEL COVENEY

In 1884, Friedrich Engels wrote "All my life, I have done what I was cut out for—namely to play second fiddle . . . And I have been happy to have had such a wonderful first violin as Marx." That devotion is the central theme of David Zane Mairowitz's intriguingly ambitious, panoramic new play about the impact, or lack of it, of the European Marxist caucus in London on the birth of the British Labour movement at the close of the last century. As a nation, we may not be in exactly the most receptive of moods for such a theme, but the intelligence of its discussion ensures secondary reverberations.

When, for instance, the Scottish Labour activist, John Mahon, declares that "up North, they're demanding a new Labour party" he may strike a chord with Mr. Benn in his latest move to reinvigorate Labour's Parliamentary image. Mahon represents the antithesis of Engels' intellectual fastidiousness, a political tiger who seizes the moment regardless of theoretical argument. Engels, both trapped and privileged in his status as an exile in England, declares bitterly that Marx would have moaned about planting a dragon and harvesting fleas.

Although this production of the Half Moon and Foco Novo (director Roland Rees has mysteriously disassociated himself from a very good piece of work at the last minute) does not crackle with much dramatic static, the long-term objectives of the show are well achieved. On another marvellous design by Iona McLeish—all sloping boards, broad vistas and atmospheric projections—we begin with an expertly crafted scene (in 1883) where a discussion of Marx's memorial in Highgate is cut through with the revelation of bundles of illegible script. Engels takes on the job of editing and deciphering the rest of *Das Kapital*. His money from the Manchester business had kept Marx for years; he still has his eyesight and health to offer.

The academic work, though, is almost subsidiary to the developing discussion between Engels and Eleanor Marx (Frances De La Tour), as she becomes increasingly involved in politics at the grass roots. Sketched in, we have back street violence in Covent Garden (1887) where the Police Commissioner, Sir Charles "Ripper" Warren, attempts to prevent Tussy from ministering to the bloody workers; an hilarious reading from *The Doll's House*, with Tussy competing with both Aveling's actorish tantrums as Torvald and Engels' interpolation of cutting analysis of words that belong to Ibsen, not Nora; and steamy May Day revelry on Primrose Hill (1890) where a firework display is dampened by Engels' richly ironic comment that nothing can stop the English proletariat once it decides what it really wants.

One cannot help feeling that Mr. Mairowitz is really on the side of the Engels for, despite Tussy's beautiful final speech, brilliantly delivered by Miss De La Tour, about the inevitability of drastic union disruption, it is the brooding, avuncular presence of old Friedrich that dominates the evening. This is in large measure due to the powerful performance of John Phillips as the large but tidy man, not at all confused in his un-English ability to both enjoy the good life and still keep his gaze fixed on the future.

Palais des Congrès

The Bolshoy in Paris

by CLEMENT CRISP

It has been rumoured for some time that all is not quite as it should be within the corridors of the Bolshoy Ballet. Talk of factions, of splits in allegiance last year, centred around the intention of Yury Grigorovich — the ballet's director and chief choreographer — to mount his own version of *Romeo and Juliet* in place of the hallowed Lavrovsky staging. I reported, unfavourably, on the Grigorovich *Romeo* at its creation at the Paris Opéra, and it has been suggested that the choreographer's faith in the piece was not shared by senior dancers at the Bolshoy. All of which casts some light on the season by part of the Moscow troupe which opened last week at the Palais des Congrès in Paris. It is an enterprise featuring three of the Bolshoy's greatest stars: Maya Plisetskaya, Ekaterina Maximova, and Vladimir Vasiliev. Intriguingly, the season also relies upon Vasiliev as choreographer, with three of his ballets — a version of the Mozart 40th symphony, a *Promenades* using Rameau trios, and a two-act *Icarus* — supplemented by works from Béjart, Alberto Alonso (the *Carmen Suite* for Plisetskaya) and an extract from Plisetskaya's *Anna Karenina*.

It would be agreeable to hail Vasiliev's choreography as marking the emergence of a big new talent. It would be premature to do so, but it is significant that the Mozart and Rameau pieces are plotless (despite a programme note for the Mozart realisation which talks of a "desire to understand the world around us" and "an affirmation of the artist's personality") and set in a dance style markedly more international than is usual with new Bolshoy works we have seen.

The *40th symphony*—which dates from last year—finds it cast in basic white leotards, the girls not flattered by drapery at the hips, the men in mimsy chiffon tops (which they surmount wonderfully well). The choreography is innocent in its response to music and to the idea of a plotless ballet; academic steps rather too near the school-room patter out, with the first movement showing Nina Semizorova and eight boys; the second finding Maris Liepa as *porteur* to Nina Sorokina and Marina Leonova, with eight girls; the third and fourth movements involving everyone in a gabble of steps. The manner is somehow reminiscent of the Massine symphonic works of 40 years ago, as when Sorokina semaphores aspirations by swinging her legs in thrusting Muscovite extensions, while the corps de ballet pussy-foot in the back-ground; and it hits a nadir of banality in the minuet when eight boys jump and twitch into attitude as the sublime music outreaches them utterly. A great reward came, though, in the dancing of Semizorova, who is slender, gazelle-like, beautifully musical, a bright young talent. To see her quick, fleeting circuit of the stage, light as down, followed by a trajectory of typical Bolshoy leaps in which Sorokina bucketed across in diagonal, was to see two very distinct generations of Moscow style, and gain an insight into something of what Vasiliev may be seeking in the ballet itself. Another new and exciting talent, Vladimir Derevianko, is markedly apart from the usual run of Bolshoy men. Dark, mercurial, his manner is more like that of the Opéra's young Patrick Dupond.

This Paris ensemble appears more youthful, both in manner and in complement, than any previous Bolshoy groups we have seen, and it is this quality which made Vasiliev's *Promenades* so attractive. It is a version of the "dancers dressing up" routine. The Rameau trios (played live on stage; the other major scores were given in recordings) inspire the idea of a set of 18th century costumes dotted about the stage, empty otherwise save for class-room barres. The dancers enter, ready to fool around; they put on pieces of costume, and are involved in six happy numbers which probe no deeper than the pleasure of dancing. The result is a light-weight, fluently made work—far more persuasive as an indication of an emergent choreographic talent than the Mozart (or the *Icarus* about which I shall hope to report hereafter). The young dancers look relaxed, because unstressed and more fanciful, their personalities allowed to expand. The lovely Alla Mikhalchenko, blonde and witty; fresh soaring young men like Andrey Smirnov and Valery Anissimov; the darting Irina Lazareva, and Derevianko in a solo with a butterfly-net (doing everything you might expect, but giving its predictabilities a flash of real charm), are all a delight. The final number is a pas de deux, for Maximova with Liepa as cavalier. It looks the sort of item Soviet skaters offer in ice-dance competitions, replete with yearning, swooping, pirouetting, but it is made glorious by Maximova's pianissimos, soft closings, muted phrasing, an aspect of her great art that is too little used, and quite marvellous.

Vasiliev appeared but once as dancer in the programme, partnering Maximova in the taradiddle of Béjart's *Roméo et Juliette*. It is a brutish duet which deforms its participants: unendurable the moments when Maximova must squat into a second position on point, her posterior aimed at the audience; tiresome the incessant attitudinising for Vasiliev which denies all his glory as an executant; insufferable the moment when Maximova clambers on Vasiliev's back like the old man of the sea.

And to close the evening, Plisetskaya. Her vehicle, more a hearse than a triumphal car, was Béjart's *Isadora*. Perhaps the vulgarity of Béjart matches a vulgarity in Duncan's life, certainly, Duncan's genius can survive his assault, but Plisetskaya ought to seem more like Duncan than she appears in these six items (to piano music, played on stage) associated with Duncan's performances. The most Dionysian of dancers in temperament, Plisetskaya is here all artifice. It is magnificent artifice, none could be superior, but it is Plisetskaya who stirs our souls, not the image of Isadora, who is so powerfully felt in the Ashton/Seymour evocation. The tigress Plisetskaya with her lean line, her predatory smile, her *furia*, looks the most beautiful woman in the world in her white, triple-tiered chiffon dress, a Tanagra figure come to life. She is the last of the *monstres sacrés*, a survivor, a lightning flash, the sound of trumpets at sunset.

Duncan is present only in the curtain calls. Then, as the adoring mob (myself included: one cannot resist) press close to the stage edge to be warmed by the goddess's presence, the divine, Isadoran afflatus is there. Then Plisetskaya truly becomes the woman who could, in Gordon Craig's words, "tell to the air the very things we longed to hear and until she came we had never dreamed we should hear." Miraculous.

A scene from Khamsin

Sadler's Wells

Khamsin

by CLEMENT CRISP

For the next four weeks London Contemporary Dance Theatre is at Sadler's Wells with a repertory of 25 works — new pieces coming from several members of the company — and a fine ensemble to dance them. The opening programme on Tuesday was devoted to choreographies by Robert Cohan: his *Khamsin*, *Eclipse*, and *Nymphéas*.

Each of these has strong theatrical imagery — Cohan is very assured in sustaining dynamic and emotional tone in his creations — and they invite, and receive, performances of exceptional merit. Both *Khamsin* and *Nymphéas* have a luscious physical presence: the hallucinatory desert wind of the first conjures up dreams of disturbing eroticism; the shimmering light of the second is refracted round the bodies of the dancers.

Eclipse, by contrast, seems drier, more cerebral, not least because of its arid, mannered score (by Eugene Lester) and the fact that there seemed too little emotional exchange between the pair of lovers (the darting Linda Gibbs and the stalwart Namron) whose drama of separation is the work's argument.

In *Khamsin* disquieting visions are avoked—of passion, and, in the most potent section, of death. Here the shrouded form of Anca Frankenhaeuser emerges from a wall of silk, a terrifying and hypnotic manifestation. The piece also contains a solo for Patrick Harding-Irmer which confirms him, yet again, as one of the most powerful dancers in Britain. Like Jean Guizerix of the Paris Opéra, Harding-Irmer presents movement of rare directness: not a gesture, not a step, but it seems carved permanently out of space, and the supporting technique is brave, sharp in muscular drive, always elegant. An artist to savour in everything.

About *Nymphéas* I still have reservations concerning the appositeness of the Debussy piano music to some of Cohan's images, but the duet to *Clair de Lune* is an unalloyed pleasure (and was excellently done by Linda Gibbs and Anthony van Laast), and *La Plus que Lente* grips by the very oddness of what the choreography does in ignoring the waltz rhythm.

The lighting throughout the evening was exemplary. I do not know how LCDT achieves this, but I wish that every other ballet and dance company in Britain would go and study the subtleties and beauties of light in shaping bodies in movement, which seem commonplace with LCDT.

Festival Hall

Ashkenazy

by DOMINIC GILL

Vladimir Ashkenazy appeared with the Philharmonia Orchestra on Tuesday both as solo pianist and in his increasingly familiar role as conductor. In his first half he gave us Mozart: a symphony and a concerto. Though he makes an engaging figure on the rostrum, and clearly his heart is in what he does there, his arms are less impressive than his hands and fingers: he is still most convincing seated at the piano.

He began with Mozart's A major symphony K201—a quick, open-hearted, not especially tidy account (hot, humid nights are always nasty for the horns), full of simple, amiable spirit: but little of nuance, or subtle pointing. The colouring and instrumental balance, and rhythms too—like the tenor of the whole performance—were faintly bland.

I have never forgotten an evening of Mozart concertos that Ashkenazy gave a few years ago, conducting from the piano the little orchestra of St. John's, Smith Square: every measure bright and taut, bounding with energy, alive with chameleon colour. By comparison, the performance on Tuesday of the C minor concerto K491 was monochrome. There were many happy intentions; infectious enthusiasm emanated from the pianist-conductor—we were meant to feel good, and we knew it.

But the actual focus and definition of the playing, of its attack, growth and dramatic shaping, were often much less clear. There was no stormy depth to the C minor darkness of the first movement: a light summer evening's entertainment. There was a pervading jolliness to the larghetto that hardly touched its delicate, desolate heart. Equanimity was banished in the finale—but only just: behind every cloud, ready to emerge at the least invitation, was a winsome smile.

After the interval, Ashkenazy discovered in Sibelius's second symphony much frank and charming music. Some of it was refreshing: in the first movement especially, buoyant and lyrical, not so much a landscape of craggy peaks as a woodscape of dapple sunlight, there were bright and pretty things. The slow movement too sounded less portentiously Chaikovskian than it can, fast and cleanly made, drawn on with unhesitating momentum. But the demonic is a quality that, at the piano also, sometimes escapes him: the main weight of the scherzo lay in its languorous trio—the *vivacissimo* scurried and scampered but never scudded, like black rain.

Arts news in brief

The third Benson and Hedges Chamber Music Festival will be held at Snape Maltings from October 1 to 7. The composers featured this year are Haydn and Schumann.

The Gabrieli String Quartet, the quartet in residence, will play at five of the nine concerts, which also include performances by the Esterhazy Baryton Trio and pianists Alfred Brendel, Jean-Philippe Collard, Clifford Curzon, and Murray Perahia.

Lieder recitals will be given by Janet Baker and Peter Pears, while the final round of the Benson and Hedges Gold Award for Concert Singers, for which the first prize is £2,500, forms the Saturday evening event on October 6. It has also been announced that the association between Snape Maltings and the Chamber Music Festival has been extended for another three years.

*

The Arts Council is to consider bursary applications from jazz and improvising musicians for devising and rehearsing new material.

The first Arts Council jazz bursary was awarded to Graham Collier in 1967. Since then over 100 awards have been made to a total of 70 jazz musicians. Under the scheme advertised last year ten bursaries of between £350 and £750 were awarded.

Applicants for bursaries should be practising jazz musicians who have at least begun to establish themselves professionally. Students are not eligible for bursaries.

Closing date for applications is Monday July 16.

New home for Scottish ensemble

The Scottish Baroque Ensemble will perform in its new permanent home, The Queen's Hall, in the Edinburgh Festival on September 6.

It will also appear at the Brighton Festival (May 18), Cheltenham Festival (July 14), Rye Festival (September 8), Chichester Gala concert (August 4), and will be resident orchestra in Dartington (June 17-24).

Works to be played include the Milhaud Octet (Edinburgh), the St. Theresa Songs by Lennox Berkeley (Cheltenham) and soprano Jane Manning will join the group at the Rye Festival for a new work by George Newsam. The composer Michael Short has also been commissioned to write a work for the ensemble which will have its first performance in Chichester Cathedral.

The ensemble will also perform in Belgium, Austria, Yugoslavia and France.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871/2, 883897
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Thursday May 17 1979

A new spur to competition

THE GOVERNMENT intends to rely on competition as the main instrument for controlling prices. A Bill has been promised, early in the Parliamentary session, which will abolish the Price Commission and strengthen the two surviving institutions for promoting competition, the Office of Fair Trading and the Monopolies Commission. The statement of intent is welcome and so, too, are the institutional changes, especially if they lead, as they should, to a substantial reduction in the number of government-appointed investigators roaming around British industry. But there is still a good deal of important detail to be worked out before the new Bill, which will be a revision of the Fair Trading Act of 1973, can be brought forward. The framework of rules under which the Government, the OFT and the Monopolies Commission will operate is not at all clear from what has emerged so far.

Market power

Under the new arrangements the Office of Fair Trading, acting on its own initiative or at the request of the Government, will look into situations where there appears to be evidence of anti-competitive behaviour—where, for example, a company is using its market power to impose abnormally large price increases. If the existence of anti-competitive practices is confirmed by the preliminary inquiry, it will be referred to the Monopolies Commission for fuller examination.

The first question is what restrictions will be placed on the powers of the OFT to investigate particular companies. Anti-competitive behaviour is a vague term that covers a variety of activities, but the OFT will not be expected to respond to every complaint from members of the public about particular price increases. There will have to be some limitation, perhaps of the sort which applies to mergers; the only transactions which come within the OFT's jurisdiction are those in which either the two companies have a combined market share of at least 25 per cent or the value of the assets being taken over exceeds £5m.

Arbitrary

The market share in cases of anti-competitive behaviour may not need to be quite as high as 25 per cent to justify an investigation. As for the size of a company, some qualifying turnover—say, £100m a year—will probably be necessary to ensure that the OFT is not swamped by too many trivial cases. The important point is that the conditions under which the Government or the OFT can initiate an investigation must be clearly defined. In the absence of such definition, there is a risk of perpetuating arbitrary intervention by Ministers in response to political pressure.

Secondly, if the new policy is to be effective, there will have to be a considerable change in the style and methods of the Monopolies Commission. In addition to its studies into the structure and competitive behaviour of entire industries, which necessarily take a long time, the Commission will be required to undertake shorter inquiries into particular abuses of market power by particular companies. It will need some additional staff and show a greater willingness to use outside specialists. Above all the drive to root out anti-competitive practices needs to be made very much sharper. The Commission has often seemed to be ponderous, legalistic and even neutral on the merits of competition. This partly stems from the very broad criteria laid down in the 1973 Act which may need to be amended. In any case the Commission would benefit from more full-time members and clearer guidance from the Government on the primacy of competition.

Statutory

Another element in the Government's plans is to enable the OFT and presumably the Monopolies Commission to investigate abuse of monopoly power by nationalised industries. At present the state corporations' statutory functions are not subject to monopoly control, although some of their other activities have been referred to the Commission. If a corporation has a statutory monopoly, its prices must be regulated and its performance subject to regular review, but the Monopolies Commission is not the right body to carry out management audits of nationalised industries; it should be concerned with promoting competition.

The forthcoming Bill is unlikely to take into account the recent Green Papers on mergers and on restrictive practices legislation. These issues will need fuller consultation, perhaps leading to further legislation later in the session. But the important first step is to give a new impetus to competition policy and to make sure that it is implemented vigorously and consistently.

The French Left fights on

IT IS now 50 years since a French Communist described his party as approaching the Socialists much as a hand approaches a chicken—in order to pluck it. But this description was apparently confirmed by the 23rd Congress of the French Communist Party (PCF) which ended on Sunday.

It was in many ways an ambiguous conference, in particular for the way that the PCF turned its back squarely on the Socialists and yet had to leave the door open for co-operation in the 1981 Presidential elections. But one person clearly has gained from conference, President Giscard himself—and at a time when such gains are more than usually welcome.

Touchstone

In France at least the run up to the European elections on June 10 is being fought with intensity, not to say ferocity. Yet the battles are between those who were allied in last year's Presidential elections, rather than those who were opposed. On the Right the Gaullist grouping, M. Jacques Chirac's Rassemblement pour la Republique, is at odds with President Giscard's Union Democratique Francaise (UDF). And on the Left both the Socialists and the Communists continue to blame each other for last year's debacle.

All four are thus treating the elections as a touchstone of their policies. The opinion polls make it clear who is on top—Giscard's UDF with 31 per cent, as against the Socialists with 28 per cent, the Communists with 18 per cent and the Gaullists with 16 per cent.

There is less of a *kamikaze* quality about these attacks by politicians on their putative allies than might at first seem the case. M. Chirac knows that should he succeed in defeating President Giscard's Prime Minister, M. Raymond Barre, on a major issue he will bring down the coalition of which he is a member. His first attempt at this—in March over the government's record on employment—was a failure and he has since switched his attack to the handling of Europe. This is an emotive issue for the French but it is also one involving few confidence votes for M. Chirac to lose. His present strategy thus appears to be to prepare for a confrontation, but to wish this confrontation to come later rather than sooner.

Coalition

These attacks from the Right largely explain the orders which the Elysée is reported to have issued that Mr. Francois Mitterand, the leader of the Socialists, should receive kid-glove treatment. The President is apparently prepared to consider a centrist coalition.

As for the Socialists it appears that no more than a small fraction would at present favour such a centrist alliance. It is, however, going to be a hard task to draw up a new Common Programme for the Left. Since 1972 the economic outlook for France has worsened and the Communists find that they have been overtaken as the main party on the Left. One tendency in the Communist Party is to argue that the Socialists or a part of them should be driven into a centrist alliance in order for the Communists to be able to re-establish their predominance.

The Communist Party congress saw the party confirming a clearly pluralistic line and ardently proclaiming that Eurocommunism was not dead, that election results should be respected and party dissidents shown relative tolerance. There has since been the suggestion that these policies are short-term ones, designed to raise the European flag at the time of elections.

Suspicions

The U.S. has argued that the willingness of the French Communists to accept the "globally positive balance" of the Soviet experience is proof that it was right to have bad suspicions about Eurocommunism. But the general line of the party seems to have stayed the same rather than changed.

For all the present vitriol, the possibility of reviving that old French institution, the Union of the Left, cannot yet be ruled out.

The day the French flew a phone exchange to Egypt

BY MAX WILKINSON

ANYONE who thinks that £1m is a hit steep for launching a new British telephone exchange on to the world stage should look for a moment at the costly élan with which the French are already making their connection into overseas markets.

From Malta to the Yemen, Poland, Finland and most recently Russia and Turkey, the spotlight has moved on to French successes in selling a new generation of computer-controlled exchange equipment. Whether the success will be prolonged, no one yet knows; but the French are putting on an impressive show in markets where their British rivals are mere spectators and will remain on the sidelines for several years.

The British manufacturers and the Post Office announced this week that they are to spend £1m exhibiting the first working model of their System X family of computerised exchanges at the International telecommunications exhibited in Geneva this September.

The Egyptians do not even use the normal terminology of open competitive tender. In describing the selection of suppliers, Mr. Gamal el Nazer, Minister for Economic Co-operation, talks of the choice between "donor nations." Yet even on give-away terms, the developed nations are queueing to be allowed to supply telephone equipment to Egypt. Why?

Exportable version

However, an exportable version is unlikely to be in production before the mid-1980s. Meanwhile in Paris, the French Post Office, the Government and the two main manufacturers, Thomson CSF and CIT-Alcatel, are already showing an impressive unison in their international marketing preformance.

This particularly French blend of political and commercial expertise had its most recent showing in Egypt, now probably the most important arena for international contest, with $1.4bn worth of contracts as the prize.

A year ago it seemed nearly certain that a complete new telephone system for Egypt would be built by an American consortium and financed mainly by American aid. The French were not deterred.

Without even asking for money, they flew a complete new exchange into the dusty centre of Alexandria. They got it working in six months and then flew out a senior minister to open it at a carefully staged ceremony for Egyptian officials and the international Press. The E-10 exchange, installed by CIT-Alcatel had been ordered for a site in France, but the French Post Office waived its rights in the interests of a super marketing exercise for French industry.

It was a bold gamble. The French were hoping to exploit their cultural and diplomatic links with Egypt and to show perhaps more flexibility than the great American machine. The outcome is still uncertain: but the French appear to have succeeded at least in dislodging the U.S. consortium of Western Electric, General Telephone Electronics, and Continental Telephones from the commanding position which it gained last year. The Egyptians are now talking of splitting up the contract and putting it out to open tender to give the French—and their European rivals—a better chance.

It may seem odd that the French, or anybody else for that matter, should be trying so hard to gain contracts in a country like Egypt where the business is almost certain to be unprofitable. Competition is so fierce that prices are being driven down to only about half what is being quoted to Post Offices in Europe. Moreover, in Egypt and most of the developing world, telecommunications companies can only win contracts if their own Governments are prepared to support them with generous financing and aid. Even with optimistic assumptions, it will be years before the Egyptian telephone service is self financing. Until then about three-quarters of the money will have to be found elsewhere.

The main reason is that the newest generation of computer controlled exchanges is enormously expensive to develop and requires very few people for its manufacture. Development of a system can cost about $500m, but factories making the equipment will be so highly automated that they will need less than a twentieth of the manpower of traditional plant making electro-mechanical switchgear.

Aggressive search

In an effort to recoup development costs and to maintain employment levels, European Governments are having to combine forces with manufacturers in an aggressive search for business, almost at any price. Computerised telephone exchanges are so complex that sales in any one European country are unlikely to be large enough to justify developing them. Every national system needs, therefore, to be supported by export sales as well as by the home market. Even the Americans with a huge home market are now looking much more keenly towards exports to supplement it.

However, export markets are not easy to find, since most telephone authorities tend to favour their domestic suppliers when ordering exchanges. CIT-Alcatel estimates that in 1974 nearly 80 per cent of the world market of 12m lines of exchange equipment was captive to national suppliers. A further 11 per cent was represented by demand in socialist countries and about 8 per cent was in "partially captive markets."

By 1985, when world demand is expected to reach 20m lines, the open market for exporters will have doubled although it will still only be a small proportion of the total.

It is likely, therefore, that only the fittest will survive the struggle between national systems. By the 1990s some people predict that only four basic systems will survive, one in the U.S., one in Japan, and two in Europe. At present Europe has nine separate systems in existence or under development.

They are: PRX from Dutch Philips; the British System X; Swedish Ericsson's AXE; ITT's Metaconta and the newer ITT System 12 which is superseding it, German Siemens's EWS and the newer all digital system under development; and two French systems, the E series from CIT-Alcatel, and the MT series being developed by Thomson CSF.

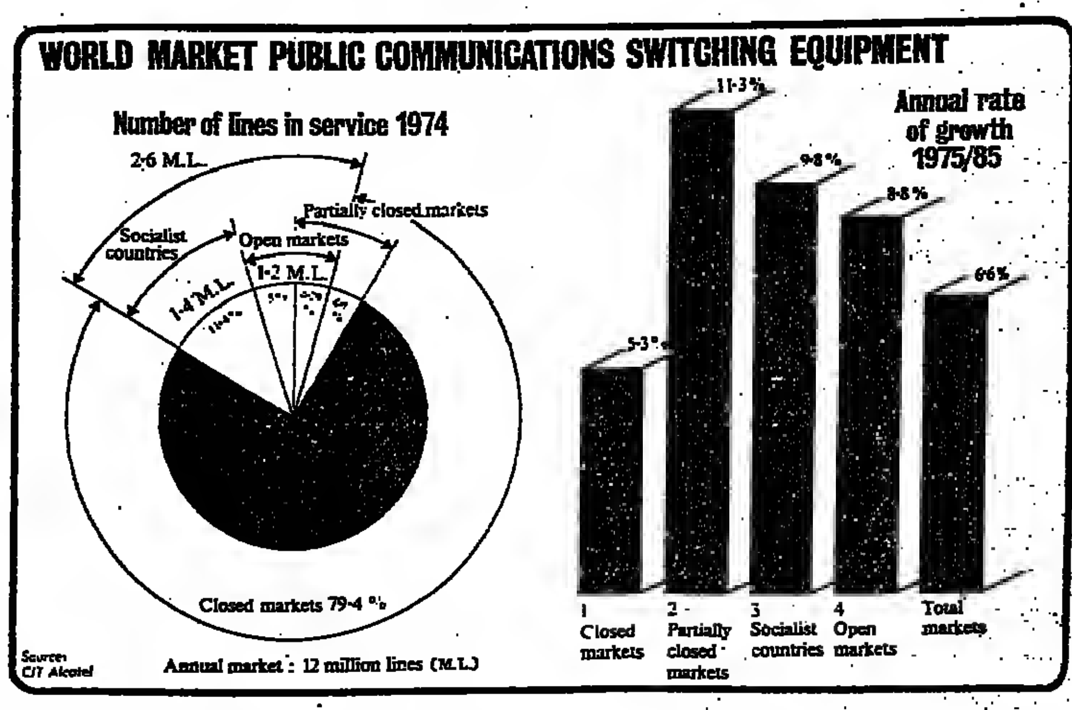
In this extremely crowded market, the British System X is trailing well behind the leaders, particularly Ericsson, whose AXE system has been easily the most successful in export markets in the last two years.

However, it is the contrast with the French effort which is perhaps most interesting, because only a few years ago the French telephone system was a by-word for inefficiency and unreliability. Its switching network was based on outdated electro-mechanical technology and supplied by a fragmented, partly foreign-owned industry.

But the French have suddenly mounted a high pressure selling effort for a completely new computerised exchange system in Egypt. They have won large contracts for supplying their technology to Russia and Finland and are beginning to chalk up smaller successes in many other parts of the world.

In Britain the three manufacturers, Plessey, Standard Telephones and Cables and General Electric Company, have been unable to agree on the rationalisation which most observers thought essential for producing a new system. They are only now beginning to set up a joint marketing organisation with the Post Office to promote overseas sales of System X.

Its supporters say that System X when it appears will make the French rivals look rather out of date. But after 10 years of development, System X will be late on the market. The failure of the efforts made by the Government and the Post Office to promote a re-organisation in the industry have almost certainly contributed to the delay.



FRENCH TELEPHONE EQUIPMENT MARKET SHARES *1978

Thomson CSF	40.4%
CIT-Alcatel	33%
CGCT (ITT subsidiary)	15.4%
AOIP (co-operative)	10.5%

* Number of lines of switching. Source: CNET

Different approach

It is instructive therefore to compare the British approach with that in France where five years ago, the French PTT (Post Telegraph and Telephone authority) faced problems similar to those of the British. The French PTT decided to move as fast as possible into the electronic age and realised that it would have to mastermind a strategy for re-organising its manufacturers.

Before the re-organisation, France had only one major independent manufacturer of telecommunications equipment, CIT-Alcatel, controlled by the Compagnie de l'Electricite (CGE), which was already involved in a development programme for computer-controlled digital switching systems. The other main companies were the two ITT subsidiaries, Le Materiel Telephonique (LMT) and CGCT; and a subsidiary of Swedish L.M. Ericsson.

With a breathtaking combination of cajolery and force the French Government arranged the sale of LMT and of the Ericsson subsidiary to Thomson CSF, the electronics group which at that time had no capability in telephone switching. In addition to the manufacture of traditional electro-mechanical exchanges Thomson then took on three separate technologies for computer-controlled exchanges.

They were the Ericsson AXE system, ITT's Metaconta, and the newer MT series, which Thomson is developing as its own fully digital system. The MT series is being developed by French engineers who formerly worked for ITT and for Ericsson, and it is said to have similarities with the new fully digital System 12 which ITT is itself developing in Europe.

Mr. Edouard Guigonis, board member of Thomson, describes the new MT series as "totally Thomson," and he says the company is aiming to step up total telecommunications exports to 30 per cent of production by the early 1980s.

Both the main French companies are aiming to export around 30 per cent of their digital exchanges in the 1980s, and in this ambition they will have a head start over any competition which may be expected from System X.

When in 1975 the decision was taken to move as rapidly as possible towards a completely digital computerised system of exchanges, it was obvious that it would require a major reorganisation of the French industry as well as a substantial increase of the PTT's ordering programme. The two were related because the reorganisation would be much more difficult to achieve on a downward trend of ordering, as the British Government has found to its cost.

The French Post Office is now well on the way to achieving its goal of having two competitive suppliers of fully digital computer-controlled exchanges for the home market. For Thomson and for CIT-Alcatel, however, the economics of developing and manufacturing the new generation of exchange equipment will depend on obtaining an adequate share of the export market. That will be especially true when the current spate of domestic ordering, now running at more than 2m lines a year, begins to slow down.

Inadequate system

Fortunately for the French the high rate of ordering required to improve their inadequate telephone system, is also needed at the moment by manufacturers to help them phase in their new products. With a total of 12.2m lines at the beginning of 1978, the French had only 22.5 telephones for every 100 inhabitants, compared with 28.5 in the UK, 56 in Sweden, and more than 70 per 100 in the U.S. The French expect to have almost doubled the capacity of their system to 20m lines by 1985, when about half their system will be fully electronic.

By 1982 almost all the French orders are expected to be for fully digital exchanges in the E10 and MT series. The rate of development of the French system is thus expected to be considerably faster than the rate in Britain, where the Post Office is planning to start installing System X in the early 1980s and where a full conversion is not expected until considerably later.

For the French industry, too, many difficulties remain to be solved. As elsewhere, the changeover to electronic exchanges will greatly reduce the number of jobs in manufacturing and maintenance. The loss of 11,000 jobs in manufacturing has been predicted. Consequently the PTT is under strong pressure to slow down its progress towards fully electronic systems.

Thomson and the PTT still have the formidable problem of integrating the old ITT and Ericsson technologies with the newer MT system. Both Thomson and CIT have also to show that they can develop their system to meet the challenge of the new digital systems being developed in Germany and Britain, not to mention Sweden, the U.S. and Japan. However, considering the formidable difficulties with which they started, the French have made impressive progress.

MEN AND MATTERS

Du Cann faces political music

The official line is "time for a change" and "giving the members a choice." In private, few Tory MPs deny there are other reasons for the nomination of two candidates to oppose Edward du Cann as chairman of the 1922 Committee at tonight's meetings. His chairmanship has been rubber-stamped for seven years now—since his first election to it—and inside the party he has exercised a considerable behind-the-scenes influence. This included the ousting of Edward Heath in 1974.

The involvement of du Cann in the Selmes debacle has, however, caused considerable embarrassment, not least on the superficial level of ritual chantings of "Keyser Ullmann" by Labour backbenchers whenever the Hon. Member for Taunton stands up in the House. The imminence of the Department of Trade report perhaps explains why Du Cann was not, as expected, given some fairly important office in the new government.

The two standing against du Cann are both vice-chairmen of the committee. One is Sir Paul Bryan, a conventional right-winger who was a minister under Heath. The other, Charles Morrison, is the second son of the legendary Major John Morrison (now Lord Margadale) who chaired the committee between 1955 and 1964.

A man who maintained almost total public silence, Margadale exercised enormous influence in traditional 1922 style. He was also incidentally, one of the richest men in the Commons.

The 1922 Committee has no fixed method of balloting, and the method chosen tonight may well determine the outcome. Du Cann's supporters hope to persuade the members to adopt a first-past-the-post method, which would probably confirm their man as chairman. Bryan and Morrison are moving that there should be an exhaustive ballot—from which Morrison could well emerge the eventual victor.

"Will the real Rudolf Hess step out please!"

Snake-alert

The inaugural "Paris Lecture" at the City University produced, as predicted, some curious Gaullist outpourings against the European Monetary System. The obscure Professor Pierre Pascallon—selected to deliver the lecture by Jacques Chirac, mayor of Paris—launched into a polemic against the governments of both France and West Germany, chief architects of the scheme.

The gist of it was EMS "institutionalises a Europe dominated by Germany under the protectorate of the U.S." It was bad for both France and Britain. As for the French premier Raymond Barre, the audience was assured, his efforts to be the "bon eleve" of the European classroom risked bringing deflation, further unemployment, and loss of French national independence.

Sir Peter Vanneck, last year's Lord Mayor of London, who dreamt up the idea of the lecture, could be observed nodding vigorously at times. So one assumes that Vanneck, standing as a Tory candidate in the Euro-elections, is also a vehement oppoonent of the Snake. As a Francophile well able to polish his French at his holiday home in Correze, he was no doubt following the lecture without benefit of the translation.

The interpreter, however, seemed to be having some difficulty with the technical expressions, though perhaps the idea of "currencies revaluating within the serpent" struck about the right sort of outlandish note.

Ace of diamonds

The cunning of two thefts from Christie's and Sotheby's pre-auction displays this month in Geneva has prompted a leading Swiss conjurer to offer his skills to improve security. The Geneva police, proud of their efficient detection, have been joletd by the removal of a diamond valued at SwFr 400,000 (£110,000) from a boat moored in Lake Leman and a diamond ring valued at SwFr 190,000 from a showcase in a leading hotel.

The conjurer, Mike Lieh of Lausanne, has cornered some of the publicity surrounding the robberies by pointing out that hidden video cameras failed in one instance to record any trace of the thief. "Even simple sleight of hand is enough to fool the cameras and the guards," says Lieb. "Conjurers should be used as guards—they know what to look for."

Sotheby's had hired the boat from which the diamond was removed to exhibit jewels in advance of an auction to be held in Zurich. The theft from Christie's happened at a pre-auction sale. Six months ago a diamond valued at a million francs was taken from a Christie's preview in Geneva.

In that case also, the cameras failed to reveal any clues and the thief is still being sought.

When I asked Christie's in London about the Lieh proposition, a spokesman responded: "If all else fails, it's good to know there's an alternative." Sotheby's reply was more jocular: "Conjurers? We're not selling white rabbits yet, you know."

Freedom looms

When the new Algerian President, Benjedid Chadli, took office earlier this year, it was forecast that this might mean freedom at last for Ben Bella. For 14 years, since his ousting by the late Colonel Honari Boumedienne, the first Algerian President has been a prisoner in his own country.

It now appears that Ben Bella could be freed in a matter of days. Already the strict house arrest which he has so long endured has been softened — for several months he has been living in a comfortable villa.

Pride and prejudice

Feminine militancy knows no bounds among the members of the Women's Art Alliance, which occupies a house in Cambridge Terrace Mews, near Regent's Park, London. They recently needed a plumber and an electrician; but on contacting Gentle Ghost, a building services company, they declared that only a woman plumber and a woman electrician would accord with their principles.

Remarkably, a girl plumber (plumberess?) was found. An electrician of the acceptable sex is proving more elusive. "They're heavily into separatism," explains a fellow who has studied the Alliance from a safe distance. Perhaps it is about time they learned how to mend their own fuses.

Observer

ECONOMIC VIEWPOINT

Where Tory prejudice can mislead

IT IS not always necessary to understand a problem in order to solve it. Last week I tried to draw attention to the happy fact that the Conservative prejudice against nationalisation has quite accidentally opened the way to a most helpful revolution in our financial affairs, provided that the opportunity can be recognised.

If it is carried far enough—which would mean much more than selling off some odd NEB holdings—then it could lead to a sharp reduction of the national debt, as the equity in the public sector is realised, and a much improved balance in the financial markets. This would help to reduce long term interest rates, and with them, a large and deceptive element in "public expenditure" (throughout this article I will use quotation marks to draw attention to conventional descriptions which are deceptive). The effect would be very liberating, regardless of political objective.

However, blind prejudice is not always a safe guide to policy: some understanding is generally helpful. This week, after a Queen's Speech which reads like a manifesto, seems the right time to draw attention to some questions on which Conservative rhetoric could lead to wrong answers. Indeed, the sale of assets itself falls into this class: Conservative speakers are so fond of saying that State assets have been bought with "taxpayers' money" that they seem to believe that selling such assets is a legitimate substitute for revenue. In fact, of course, they are bought with borrowed funds, and selling them is only a substitute for selling gilts, which is not the same thing at all.

As long as the sales of assets are modest, the result will be unexpected but quite cheery. Sir Geoffrey Howe may introduce a Budget which he thinks he can describe as "tight," in the words of the Queen's Speech, because it reduces the public sector borrowing requirement; in fact, it will be expansionary, because the public sector financial deficit (which includes the drop in assets) will rise. This is a refreshing change from Mr. Healey's habit of depressing the economy by trying to stimulate it, but an overdose would be dangerously inflationary.

Assuming, though, that the sale of assets is on a modest scale, or that its effect is properly understood, we are left with another Tory conundrum: how to finance the cuts in direct taxation, which are Mrs. Thatcher's central policy, with a genuinely non-inflationary policy. In short, we must face Mr. Callaghan's persistent question; what taxes are to be increased, and what expenditures are to be cut?

COMPARISON OF TAX BURDENS

(percentage figures)

Proportion of total tax burden borne by:—		UK	US	Germany	France	Japan
Household income	1970	36	35	26	14	21
	1976	39	33	29	15	25
Expenditure	1970	43	32	37	43	32
	1976	36	29	31	41	29
Corporate income	1970	9	12	5	7	23
	1976	5	13	4	7	19
Total burden as % of GNP	1970	43	33	39	41	22
	1976	40	36	44	44	22
Total burden excluding social security	1970	37	26	27	26	18
	1976	33	25	28	26	17

Source: C.S.O.

Sir Geoffrey's answer during the campaign was clear: "We will move from pay-as-you-earn to pay-as-you-spend." This is the expression of a myth which many Conservatives profoundly believe: that in this country we have abnormally high taxes on income, and abnormally low ones on expenditure, and that is the whole story. In fact, as the table shows, this is a caricature of the truth. Taxes on household income had indeed become rather high by 1976 (though far from the world's highest), though the burden has been lightened sharply since then, as the chart shows. But taxes on expenditure have long been quite high by international standards, and have gone on growing faster than income taxes in subsequent years.

Now there may or may not be reasons for preferring abnormally high expenditure taxes to abnormally high income taxes (I suspect that there is very little in it). The result will still be abnormally high personal taxes, and that will hardly be liberating.

It looks suspiciously the same when we turn to public spending. There has been much talk of cutting "excessive housing subsidies"—when in fact it is the long-term interest rates which are paid on housing finance which are excessive. Again, the result on this front will simply be to shuffle the total burden between different members of the personal sector, instead of trying to reduce it as a whole. There may or may not be some effect on incentive (the probabilities here are rather more favourable), but there will also be a good deal of provocation and resentment. A shuffle is not a revolution.

It may seem, then, that we are boxed in, as Mr. Callaghan suggested; but there are some escape routes. One has already been discussed: selling public sector assets will progressively (but modestly) reduce the real cost of debt service.

The other escape routes may not look very tempting to a Conservative mind, for they can only be recognised by swallowing prejudice: but the fact which emerges clearly both from long-term trends and still more strongly from international comparison is that there are areas where the British tax burden is abnormally low. These can be broadly summed up as the taxes on business — corporation tax, social charges, and taxes on capital. It must be added, more acceptably to the Conservative mind, that there is also scope here for cutting expenditure.

Now before I pursue this offensive line of thought any further, it is worth considering how we reached our present lopsided balance in the tax burden—a shift which has proceeded fairly steadily under both Conservative and Labour governments for two decades or more. It has all been in pursuit of an objective restated in the Queen's Speech (no "change of direction" here): "My Government . . . will lay a secure basis for investment, productivity and increased employment." In short, we are back with the most durable of British economic myths, the myth of investment-led growth.

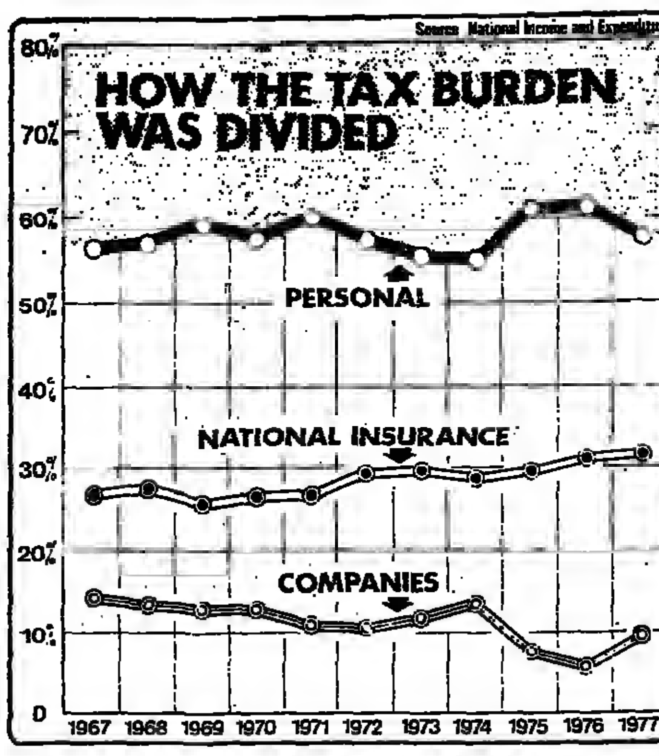
In pursuit of this chimera—the unicorn to the British lion—we have steadily piled one investment incentive on to another, and we brood over the investment figures as if they were an index of virility. We have the most generous depreciation rules in the world, and our regional and other subsidies are well up to scratch in the competitive game of attracting foreign capital.

Now a policy of depressing personal incomes and taxing employment in order to subsidise capital has entirely predictable results. There is little expansion, because the market is sluggish; most investment goes into displacing labour. The return on capital falls, since industry only has to put up half the money invested, and often far less. The productivity of labour may rise, so far as the sullen rearguard of trade union resistance allows, but the productivity of capital (which we never bother to measure, because the statistics are too difficult) is stagnant or falling. All these results can be read in the British economic history of the past two decades.

By contrast, it is instructive to see what has happened in the U.S. as a result of five years of admittedly excessive consumption-led growth. Investment was for a long time sluggish, and produced much head-shaking. Employment rose far above forecasts, but there was equal head-shaking over the correspondingly poor figures for labour productivity. But the productivity of capital was improving by leaps and bounds, until it has now reached the point of stimulating a large spontaneous rise in capital spending, despite rising interest rates, energy worries, and forecasts of recession.

What I am suggesting, in short, is that we should discard our national obsession with figures for investment and productivity, and perhaps begin gently to unwind the distortions which we have imposed on our tax system in pursuit of these imaginary benefits (they are the result, not the cause, of healthy growth). Mrs. Thatcher would produce a better economic strategy if she allowed herself to be guided by her basic prejudice in favour of the individual citizen, and not dilute it with the claptrap of growthmanship.

This may look suspiciously like an attempt to revive the "dash for growth" philosophy attributed to the late Mr. Maudling, but it is no such thing. That was an attempt to break out of a sluggish behaviour pattern by a short-term burst of borrowing. This time round consumers can be favoured without financial imprudence, as well as without robbing Peter to pay Paul. Refinancing the public sector is one part of the secret. Rising revenue from the North Sea provides a second, larger, but temporary opportunity. It would naturally be folly to spend the whole of our oil capital in this way; foreign investment to provide future income, and a sensible domestic energy strategy have their claims.



The case for shifting part of the tax burden off persons and back on to business rests only partly on the idea that North Sea revenue and debt service savings will not be really important for some time; it is that the present distortion of the tax system in favour of investment is actually counter-productive, and depresses growth. In the short-term, incidentally, a threat to reduce Treasury support would actually stimulate investment, on the beat-the-Budget principle.

This stimulus to investment is certainly not the object of the exercise, but might be helpful during what threatens to be a general recession; domestic capital is another long-term substitute for North Sea oil. But there is no case for trying to stimulate investment at the expense of demand.— and no sense either.

Even those who agree with the basic analysis here (and the over-investment thesis does have a few distinguished supporters, but all too few) may think I am asking a lot of Mrs. Thatcher. She wants to achieve a liberating revolution; I am asking her to clear her mind not only of Labour cant and Butskellite rant, but Conservative rant too. The great hope is that facts do sooner or later break through; and Mrs. Thatcher seems to have plenty of time in hand to let them do their educative work.

Anthony Harris

Letters to the Editor

Public sector pensions

From the Chairman, National Association of Pension Funds

Sir,—So much heat, and so little light, has been generated by the continuing correspondence on the inflation-proofing of Civil Service pensions that one hesitates to step into the arena. Nevertheless, as chairman of the National Association of Pension Funds, which embraces both the private and the public sector, I feel it is time that some constructive thought should be given to finding an acceptable solution to this problem.

Public service pensioners are naturally anxious not to lose the valuable privilege they enjoy; nor would any reasonable person regard as progressive any move to deprive them of it. On the other hand, they must recognise that for so long as the cost is largely met by taxpayers—including other pensioners whose living standards are not similarly protected—the situation will remain unstable and pressures for change will continue to make themselves felt.

Resentment over the special treatment accorded to public service pensioners would, I think, disappear if people were genuinely convinced that civil servants "paid" for the extra benefits in the allowance made when pay comparisons are carried out; hence public interest in the researches of the Government Actuary on this point. He says that the overall pension provision made for civil servants (not just inflation-proofing) should be valued at an extra 2.6 per cent of their salaries, when compared with a set of so-called "analogue" schemes in the private sector.

For two reasons it is hard to accept this figure. First, the Government Actuary has taken as one of his basic assumptions an inflation rate of 6 per cent. It is possible to justify such a figure on historical grounds, but not on the basis of experience since the Pensions (Increase) Act of 1971. It is worth noting the fact that when employers who operate contracted-out schemes seek to exchange an open-ended inflation-proofing liability for a fixed one, the rate deemed appropriate by the Government Actuary via the fixed revaluation option under the state scheme is 8½ per cent.

The second and more important reason is that little or no significance seems to have been attached to the guarantee element. Public service pensioners are guaranteed increases that match the rate of inflation, whatever that may be. The simple test that ought to be applied to the Government Actuary's calculations, to determine whether the results are realistic or not, is whether it is possible to buy the extra benefits anywhere in the market for a sum equivalent to 2.6 per cent of salary. The answer is that it is not. What is more, they cannot be bought at any price. No insurance company is willing to offer an unlimited guarantee against inflation.

Recognition of this fact indicates a possible solution. I suggest that an amendment to the Pensions (Increase) Act be introduced setting some reasonable annual limit, say 10 per cent, on the future increases that could be granted automatically and requiring Parliamentary sanction at the time for any increase in excess of this amount.

This would have four advantages. It would simplify the Government Actuary's task and make it possible to put a fair price on the benefits to which civil servants were contractually entitled. It would give pension schemes in the private sector a better chance of matching public service provisions if they wished to do so. The insecurity so clearly felt by public service pensioners at this time would be removed, since public acceptance of the basis on which their pensions are calculated—on which ultimately payment of any increases must depend—would be assured by the amendment. It would not prevent full inflation-proofing of public service pensions from taking place, but would allow Parliament to exercise discretion in the interest of the country as a whole before granting double-figure increases in times of high inflation when they might well be asking current wage-earners to make sacrifices in the cause of economic recovery.

I hope that this proposal, which is put forward in good faith, will receive serious consideration by all concerned.

Michael Pilch,
Prudential House,
Wellesley Road, Croydon.

Saving for old age

From Mr. N. Leyland.

Sir, — The Government Actuary (May 5) has, of course, done the impossible, but there are two means by which any embarrassment may be avoided. If we are to believe his calculations, let the Government sell indexed pensions to the private sector for a contribution of 17.3 per cent of salary. Alternatively, let the Government sell indexed bonds to pension funds (with a starting rate of, say, 2 per cent) or, indeed, to anyone wishing to save for their old age.

N. H. Leyland.
Brasenose College, Oxford.

Vulnerable tankers

From Mr. T. Berchten

Sir,—The map inserted with the article entitled "Oil shortages start to bite around the world" was absolutely fascinating. I calculated that no less than 10.8m barrels per day are shipped round the Cape of Good Hope. And yet have the Western Powers made adequate preparations in the event of a Soviet assault on the oil tankers, should hostilities (God forbid) break out between the two super-power blocs?

On the face of it, it seems quite ludicrous that no defence arrangements have been made. South Africa taking it on herself to monitor the 12,000 vessels (at least) which sail round the Cape every year, but unable to equip her navy with ocean-going gunboats due to international revulsion against her apartheid policies (understandable, though this is a classic case of allowing one's vision to be blurred by ideology).

Not only should South Africa be supplied with extra ocean-going hardware, and the Simonstown base re-opened, but surely the establishment of a SATO is called for here? A South Atlantic Treaty Organisation, linking South Africa, Argentina (and possibly Brazil) with the U.S.A. and Great Britain, would result in a formidable fighting force, co-ordinating four or five military machines and armies and spreading the financial cost.

This way, in having more countries involved in the defence of the West's vital shipping routes, the oil tankers would be assured a comprehensive protection.

Thomas Berchten,
(Vice-Chairman,
University of East Anglia Conservative Association),
University of East Anglia,
School of European Studies,
University Plain,
Norwich, Norfolk.

Battle of Belvoir

From Dorothy Sowter

Sir,—Referring to John Lloyd's article "Silky skirmishes in the battle of Belvoir" (May 15), I request that the remarks attributed to me are published correctly as follows: The enormous National Coal Board trailer was parked on the grass verge where I left the village of Hose, not outside my house. I do not concede that the juggernauts are unstoppable, nor is the case made by the NCB for mining in the Vale, as I believe that the case for the opposition has strengthened since it began.

Dorothy Sowter.
White Gates, Hose,
Melton Mowbray, Leics.

A phoney problem

From Professor C. Kennedy

Sir,—It is surprising that, in the many discussions both before and after the election about how to finance reductions in direct taxation without increasing the size of the public sector borrowing requirement, there has been so little mention of one obvious solution, which is to reduce the interest on the National Debt by indexing it. By this I mean not just the limited issue of a few index-linked stocks, though that would help, but an active policy of replacing the existing long-term debt with index-linked stocks. If this were done, the problem of the "excessive" size of the PSBR would be shown up for what it is — a phoney problem, conjured up through a lack of understanding of inflation accounting.

It is not the size of the PSBR that is at fault but the recent method of financing it, which is quite inconsistent with the declared aim of reducing inflation. If the new Government is sincere in this aim, it is difficult to see how it will be able to afford not to take some action on the lines suggested above. Even the achievement of the last Government's limited objective of reducing the rate of inflation to 5 per cent per annum would mean that recent long tap issues at around 14 per cent had imposed a real interest rate burden of about 9 per cent until the end of the century. This is not to be borne, and there is no reason why it should be.

Charles Kennedy.
26, Ethelbert Road,
Canterbury, Kent.

Rail freight and lorries

From the Editor, Railway Gazette International

Sir,—It is patently absurd for the Freight Transport Association to claim (May 14) that transport costs could be reduced by up to one-third by raising the permitted weight of lorries to 40 or 44 tonnes, and then assert that there would be no diversion of rail freight to the roads.

Crippled by union restrictions on manning designed to protect jobs, British Rail can no longer compete with road for freight of low weight per unit volume. Thus rail freight—and thus employment in this sector—are at the lowest levels recorded in this century.

One could well argue that if the railwaymen want to cut their own throats they should receive every assistance from the Government. It is a fact, however, that much of the 170m tonnes a year which remains on rail is there because the permitted axle loading is double that on the roads. Thus a rail wagon can carry well over 50 tonnes of goods so long as the volume is limited.

It is the 32 tonne limit for lorries which has made it worth while for private operators like VTG of Hamburg and Danzas of Switzerland to invest in modern high-capacity wagons which cross the Channel by train ferry. On May 2, you reported discussions about a £45m plan to build new wagons for carrying scrap iron, another very dense commodity.

These and many similar traffic flows would be vulnerable to road competition if lorry weights were raised: the FTA, which claims expertise in both modes, is well aware of this fact. It is the FTA's proper role to argue the case for cheaper transport in the face of opposition from environmentalists; but to state that heavier lorries "would not affect the competitive interface between road and rail" is deliberately to mislead the public.

Richard Hope.
Dorset House,
Stamford Street, SE1.

Sub-standard rented homes

From the Press Officer, Small Landlords Association

Sir,—There is no doubt that successive and evermore oppressive Rent Acts have militated against the best use of the nation's housing stock by causing property which would otherwise be let to remain vacant or to decay.

The campaign by the National Home Improvement Council (May 15) to promote greater Government financial assistance for the private landlord is therefore to be welcomed.

It is important to identify the true size and nature of the problem. Unfortunately, the private rented sector is deemed to include not only dwellings let by resident and non-resident private landlords but also dwellings let by housing associations and by employers to their employees.

The stock of dwellings in the hands of private landlords numbers about 1.75m and the hardcore of the repair and improvement problem undoubtedly centres on the 0.3m dwellings still subject to controlled rents, some of which are as low as 35p per week and as a maximum are £2.70 per week in London and £1.35 per week outside London.

Controlled rents have been frozen for the last 22 years and all the landlord can do is to increase the rent by 12½ per cent of the cost of any repairs. No-one can borrow money at 12½ per cent. Furthermore, when costly repairs are required many private landlords cannot finance the loan, still less the loan for the requisite improvements which would take the property into the so-called "fair" rents system.

The honest and fair course is to give the landlords of controlled property virtually 100 per cent improvement grants in compensation for the fact that for many years they have been bearing a large subsidy which rightly should have been paid by the state.

There must also be a thorough going review of all rents. Lest it be thought that the prospect of "fair" as against "controlled" rents is attractive the facts are that the average "fair" rent for a dwelling worth £15,000 is about £7 per week inclusive of outside repairs, insurance and administration. Fair rents yield the landlord a return of about 2 per cent on capital employed before interest charges and before amortisation costs for which there is no tax relief viz they yield a loss.

Against this, the previous Labour administration required the nationalised industries to earn a 5 per cent inflation-proofed return after interest charges and after amortisation provision. The White Paper said "an adequate level of nationalised industry profits is essential to the continuing well-being of the industries and their customers and of the economy as a whole."

Regrettably none of this philosophy was applied to the private rented sector. It is hoped that the new administration will at least make a start in moving the situation in a more sensible and logical direction.

G. F. Cutting.
Small Landlords Association,
7, Rosedene Avenue,
Streatham SW16.

Required reading

From the Secretary of State for Industry.

Sir,—John Elliott reports (May 16, page 18) that among the authors I commended to the attention of the officials at the Department of Industry was John Kenneth Galbraith: not so; the book concerned is by Sir Frank McFadzean on the fallacies of John Kenneth Galbraith, published by the Centre for Policy Studies.

(Sir) Keith Joseph.
Department of Industry,
Ashdown House,
123 Victoria Street,
SW1.

Travelling singly

From Miss J. Forbes

Sir,—With reference to the article by Sylvie Nickels on the plight of the single traveller (May 12) she might be interested to know of a "single" room I had last summer while on a coach tour of Quebec—the hotel Auberge des Gouverneurs being five miles outside Quebec City—two king size double beds all to myself for which, of course, I had had to pay a heavy supplement for single rooms throughout the tour. I was somewhat intrigued by a notice on the door saying the room was $x per night plus $10 for each additional person!

(Miss) Joan Forbes.
Flat 10,
15, Guilford St., WC1.

Today's Events

GENERAL

UK: Confederation of British Industry annual meeting and monthly council meeting.

Annual meeting of the Stock Exchange, 20, Aldermanbury, EC2, 4 pm.

Royal Opera House statement on plans for 1979-80.

Automobile Association annual meeting and luncheon, Savoy Hotel, London.

Sir Kenneth Cork, Lord Mayor of London, presides at Court of Common Council, Guildhall, 1 pm.

Overseas: EEC Energy Ministers meet, Brussels.

Fidel Castro, the Cuban leader, meets Sr. Jose Lopez Portillo, Mexican President, on Caribbean island of Cozumel.

M. Valery Giscard d'Estaing, President of France, leaves for tour of Africa.

OFFICIAL STATISTICS

UK banks' assets and liabilities and the money stock (mid-April). London dollar and sterling certificates of deposit (mid-April). Retail sales (April provisional). Consumers' expenditure (1st quarter—2nd preliminary estimate).

PARLIAMENTARY BUSINESS

House of Commons: Queen's Speech debate continues—housing and local government.

House of Lords: Queen's Speech debate continues—home affairs.

COMPANY RESULTS

Interim figures: Royal Dutch/Shell Transport.

COMPANY MEETINGS

APV, New Zealand House, S.W., 12. African Lakes, Edinburgh, 11.30. Aurora, Sheffield, 12.30. BBA Group, Bradford, 11.30. BL, Piccadilly Hotel, W, 11. Bruntons (Musselburgh), Musselburgh, 12. Feb International, Swindon, Manchester, 10.30. Ibstock Johnsen, Hyde Park Hotel, W, 12. Johnson Cleaners, Liverpool, 2. KCA International, 1, Hamilton Place, W, 11.30. Norvic Securities, Norwich, 12.30. Rosedimond Investment Trust, 41, Bishopsgate, EC, 11. Wolf Electric Tools, Hanger Lane, W, 12.

UK COMPANY NEWS

Bad weather takes toll on General Accident

BRITAIN'S icy winter has frozen the underwriting recovery and the profits growth of General Accident Fire and Life Insurance Corporation, a major UK composite insurance group. Underwriting losses in the first quarter of this year almost doubled from £8.9m in 1978 to £17.3m, pre-tax profits were cut from £10.8m to £6.5m and net profits attributable to shareholders fell from £8.3m to £5.2m.

Operations in the UK caused most of the trouble. It is the largest motor insurer in the country and icy roads this winter resulted in the number of claims rising by more than one-fifth compared with the 1978 first quarter and in the underwriting loss on the UK motor account more than doubling to £4.7m, against £2m. Burst pipes was a dominating factor in the losses on property and houseowners account reaching £6m. The group was affected by a large increase in the number of major fire losses.

Overall on the UK accounts the underwriting losses jumped from £7.9m to £11.9m on premium income 24 per cent higher at £86.6m.

In contrast, the underwriting loss in the U.S., which accounts for more than one-third of the group's general business, was reduced from £1.4m in the first quarter of 1978 to £600,000 in the first quarter of this year. This experience is the opposite to that of the other major U.S. orientated composites, Commercial Union and Royal, and more in line with U.S. domestic insurance company trends. Automobile business continued to be profitable and the liability account showed further improvement.

But the extreme weather in the U.S. resulted in a loss on the property account. The

Mr. G. R. Simpson, chairman elect and Mr. I. H. Stuart Black, chairman of General Accident.

operating ratio in the U.S. for the first quarter at 99.62 per cent was below breakeven. In the first quarter of 1978 it was 100.84 per cent. Net premiums written were U.S.$150.7m, compared with U.S.$141.3m.

On other world-wide business, deterioration in Canada, Australia, New Zealand and Europe contributed to the turnround in underwriting from £400,000 profit in the first quarter of 1978 to a £4.8m loss in the past quarter.

Net premiums written rose by 12 per cent in sterling terms from £184.9m to £207m, and the underlying real rate of growth was 13.1 per cent. The strong rise in underlying asset values more than offset this premium growth, and the solvency margin at end-April, 1979 was 58 per cent, against 53 per cent at the end of 1978.

The growth in premium income was a major factor in investment income advancing 21.1 per cent from £19.4m to £23.5m, with the true growth, adjusted for currency fluctuations, being £22.4m. But the rise in investment income was insufficient to offset completely the adverse underwriting results.

Mr. David Blaikie, chief general manager of the group, said that although the worldwide underwriting losses in the first quarter were more severe than anticipated, it was hoped to go at least some way to recoup the deficiency this year. He reaffirmed hopes that there would again be a U.S. underwriting profit.

See Lex

Woolworth profit rises 35.7% in first quarter

AN increase in pre-tax profits of 35.7 per cent is announced by stores group F. W. Woolworth and Company for its first quarter, to April 30, 1979.

Pre-tax profits were nearly £2m up at £7.5m against £5.53m for the same period last year.

Sales for the period rose 12.9 per cent from £177.7m to £200.7m.

The directors repeat that the first quarter's results are the least meaningful in the group's trading year. "Nevertheless," they add, "actual performance exceeds budget and our projections indicate an increase in annual profit."

	Three months 1979 £000	1978 £000
Turnover	200,658	177,739
VAT	12,194	10,158
Trading profit	11,066	7,823
Depreciation	2,445	1,987
Interest paid	1,467	597
Rent income	351	293
Profit before tax	7,505	5,532
Tax	3,002	2,006
Net profit	4,503	3,526
Foreign currency differences	212	*88

* Profit.

On the rise in trading profit, up 41.5 per cent at £11.07m against £7.82m, the directors say that, apart from the benefits of increased volume, it is also due to a reduction of food in the sales mix.

Depreciation shows an increase of £458,000, reflecting the higher property values arising from the recent revaluation and the first quarter net charge for interest is £870,000 up as a result of higher borrowings and appreciably greater interest rates.

The group is controlled by F. W. Woolworth Company of the U.S.

See Lex

HIGHLIGHTS

Lex considers the question of capital adequacy of banks in light of the centennial presidential address by Mr. Malcolm Wilcox to the Institute of Bankers last night. On the company front Woolworth reports a good first quarter, with profits £2m higher pre-tax, but the group's three-month figure always has to be treated with caution. General Accident has followed Royal and CU in disclosing the severe impact of adverse winter weather conditions on underwriting profits in the first quarter. Elsewhere, Equity Capital for Industry has issued its full report. Preliminary results are out for Allied Irish Banks showing profits up from £34m to £41m. The pick up in Doport's second half, leaving the full year only 20 per cent down, after a 26 per cent drop at the interim stage looks reasonably encouraging. United Scientific reveals flat profits as expected, but there are good increases from Lee Cooper, Fidelity and Foster Brothers. RHP's profits are up 24 per cent after stripping out RIC Capacitors.

Increase for Allied Irish

FOR THE year ended March 31, 1979, profits of Allied Irish Banks improved from Ir£34.46m to Ir£40.9m before tax of £12.51m compared with £12.75m.

Basic earnings per 25p share are stated as 43.2p against 41.9p and 41.1p (36.7p) fully diluted.

The final dividend is 5p making a total for the year of 8.6p compared with 7.5p previously. A one-for-two scrip issue is also proposed.

	Year 1978-79 IR£000	1977-78 £R000
Parent profit	26,609	24,254
Subs. and associate	13,375	11,202
Making	39,984	35,456
Special provision*†	1,000	†1,000
Profit before tax	40,984	34,456
Tax	12,507	12,749
Net profit	28,477	21,707
Minorities	438	7
Extraord. item	—	84
Attributable	28,039	21,816
To capital reserves	188	—
Dividends	5,515	4,237
Retained	22,356	17,579

* Against advances brought back. †Debit.

The directors propose to seek the approval of shareholders at the AGM to an issue of shares to staff at a discount of 33⅓ per cent on the market price.

The aggregate nominal amount of shares to be offered will not exceed £1,291,059 equivalent to 5 per cent of the issued share capital after the proposed capitalisation issue and assuming full conversion of the 10 per cent convertible unsecured subordinated loan stock outstanding.

Holders of 10 per cent convertible unsecured subordinated loan stock 1985 will have the basis of conversion altered from the present 83 to 124.5 shares per £100 stock.

● comment

After a disappointing first six months, Allied Irish Banks has fully lived up to expectations with a 32 per cent advance in the second half. The £1m of special provisions now added back perhaps flatters the underlying position, but the low second half tax charge makes for a particularly good showing below the line. Conditions in Ireland have been and still are somewhat difficult. The country is expanding, advances are outstripping resources, thus forcing banks to adopt the expensive expedient of rediscounting bills, while at the same time the Government is attempting to squeeze credit and control the money supply. Added to this the impact of Ireland's entry into the EMS has been to increase demand for loans as customers formerly borrowing in the UK currency have come home to roost. This will continue to be a significant factor in the current year. At 204p the shares are on a p/e of 4.6 and yield around 6 per cent.

Taylor Woodrow maintaining workload in Middle East

DESPITE A notable downturn in the volume of new work in the Middle East, Taylor Woodrow, builder and civil and mechanical engineering contractor, is continuing to obtain a fair share of new contracts in that area, says Mr. R. G. Puttick, the chairman.

The group is energetically pursuing its search for suitable profitable work both at home and overseas, he tells members in his annual statement.

As already known, 1978 taxable profits advanced by £1.6m to a record £24m, on turnover of £393m (£392m). Exchange rate movements during the year adversely affected overseas earnings in sterling terms to the extent of £0.6m.

Mr. Puttick stresses however, that with the size, complexity and duration of the many large contracts undertaken by the group, the results should be judged over a period of years and not by taking a single year in isolation.

The chairman states that during the past three or four years the volume of new building and civil engineering work available throughout the UK has been at a low level; in consequence competition for prospective new work has been fierce, resulting inevitably in some lowering of profit margins.

This cut-back in spending on capital projects both by Government and the private sector continued during 1978 but the group met this situation by intensifying its efforts in all fields and seeking new opportunities in energy related activities and housing developments at home and abroad.

These activities, coupled with earnings from property investments, made a considerable contribution to group turnover and profits, he adds.

A geographical analysis of 1978 turnover and pre-tax profit shows (in £000s): UK £234,000 and £10,711; overseas £159,000 and £13,265, split between Australia £6,000 and £2,017, Far East £5,000 and £571 loss, Middle East £66,000 and £7,417, North America £27,000 and £1,777, Africa £43,000 and £2,381, and Europe £12,000 and £544.

At balance date, group fixed assets stood at £64.88m (£62.71m) and investment properties amounted to £111.26m (£89.65m). Net current assets were up from £32.16m to £44.59m.

Meeting, The Warehouse, E., June 8, noon.

Jessups looks for record after midway increase

TAXABLE profits of Jessups (Holdings) rose from £328,250 to £372,550 on turnover of £13.1m (£12.2m) in the half year to February 28, 1979. And the directors say that with continuing growth in leasing and Ford interests they anticipate record profits, turnover and dividend for the full year.

For the whole of last year the company turned in record taxable profits of £773,000 on £25.8m turnover.

But the Board says that Vauxhall supplies remain deficient to requirements and there seems little prospect of an improvement until the autumn.

Tax for the half year, which is all deferred, is £196,000 (£172,250).

The interim dividend is raised from an adjusted 0.8p net per 25p share to 1p, and the directors say they will pay a 2p final (1.48p) adjusted if restrictions are lifted.

Stonehill improves by 80% to £1.8m on 50% sales advance

AN 80 per cent leap in taxable surplus from £1.01m to a record £1.81m is reported by Stonehill Holdings, domestic furniture manufacturer, for the year ended April 1, 1979, on turnover up almost 50 per cent at £17.87m.

At 32 weeks, profits had risen from £407,000 to £1m.

After a full year tax charge of £531,000 (£502,000), earnings per 25p share were well ahead from 9.09p to 22.84p. A final dividend of 4.5p lifts the total net payment from 6p to 8p, costing £346,000 (£271,000) after waivers of £102,000 (£65,000).

Mr. Philip Steinberg, the chairman, comments that the company's decision to spend nearly £700,000 last year on increasing production capacity has been fully justified by the continuing increase in demand for its products.

The order book for the current year is substantially higher than a year ago, while the commencement of production this month in the additional factory premises acquired adjacent to the company's present complex, will provide facilities for increased turnover in 1979-80.

● comment

It has been an excellent year in the furniture business and Stonehill has taken full advantage of it. The cycle may not yet have peaked, and Stonehill is again investing heavily to meet expected demand, but it would be surprising if growth of this order could be maintained for long. If consumer demand for durables flattens next year, Stonehill could be left with new and increasing production capacity. It is developing mail-order and export business, with the Middle and Far East coming along well, but these two sectors together account for only around 16 per cent of turnover.

At the same time pre-tax margins have broken the 10 per cent barrier, traditionally about the maximum for the sector. Operating in its favour is the company's very strong cash position, which enables it to finance all investments internally. Perhaps with this in mind it has raised dividends by one third, doubling its cover after a low tax charge. The doubtful trading prospects for the sector have helped push down the p/e which, at 158p, stands at 6.7 on a historic basis, with the yield at 7.8 per cent.

Satisfactory progress for Legal & General

UK pensions business was satisfactory this year said Lord Caldecote, chairman of Legal and General Assurance Society, the largest pensions company in the UK, speaking at yesterday's annual meeting.

A decrease in pensions activity following the completion of work in connection with the 1975 Social Security Pensions Act was to be expected.

He reported steady progress in ordinary life business in line with predictions, but warned that general insurance business had suffered again from severe weather with increases in both household and motor claims.

Lord Caldecote hoped that the new Government would give the right encouragement to commerce and industry and so promote higher efficiency and increased personal savings and corporate investment.

The scheme of arrangement to set up a new holding company, Legal and General Group, received overwhelming support from shareholders. Of the 2,866 shareholders represented at the meeting, 2,854 representing 31,834,153 shares voted in favour and only 12 shareholders representing 52,760 shares voted against.

Bishopsgate Trust revenue increase

Revenue before tax of Bishopsgate Trust improved from £347,465 to £921,079 for the year ended March 31, 1979. Net revenue amounted to £597,713 against £540,517.

Earnings per ordinary stock unit are stated as 7.1p against 6.37p and the final dividend is 4.75p (4.25p) lifting the total from 6.25p to 6.95p.

Estimated net asset value per stock unit at March 31, 1979 was 302.1p compared with 235.7p a year earlier.

	1979 £	1978 £
UK dividends	821,722	747,254
UNFRANKED.		
UK interest	156,999	114,534
Overseas dividends and interest	244,738	219,906
Bank interest	104,837	64,534
Underwriting commission	8,634	19,893
Total income	1,335,930	1,166,121
Debenture interest	34,500	34,500
Bank interest—Overseas	320,540	231,505
Other	—	160

Unilever deferred dividends to be paid as a lump sum

DEFERRED dividends totalling almost £79m gross (£52.9m net) will be paid in full and in one go to shareholders of Unilever, assuming dividend restraint expires at the end of July.

This was confirmed at the company's annual meeting yesterday by Sir David Orr, chairman, who added that no formal decision could be taken until the new legislation.

Altogether declared but unpaid dividends worth 33.52p per share (50.03p gross) have built up in the past few years.

Last year, for instance, a total of 21.92p net per share was declared but only 13.94p was actually received by UK shareholders.

Finishing boost for Campbell and Isherwood

Better-than-expected results were announced by Campbell and Isherwood, the electrical engineer. The group turned in taxable profits of £619,845 for 1978, compared with £602,991 last time.

At midway the surplus had fallen from £287,000 to £226,000. The directors then said the downturn reflected more difficult trading in the marine field, and they anticipated profit level would be maintained in the second half.

The dividend for the year is raised from 2.904p net per 25p share to 3.2425p.

Tax for the period takes £211,786 against £314,863.

Croda growth plans continue

THE acquisition programme at Croda International which proceeded steadily throughout last year continues in 1979, Sir Frederick Wood, the chairman, says in his annual report.

The group seeks to promote its continued growth by the even combination of internal organic growth and of acquisition, both methods being applied only in well-defined areas of activity, says Sir Frederick.

An amount of £5.3m was spent on acquisitions last year, the most important being the purchase of the U.S. printing ink manufacturing group of Richardsons.

For 1978, group profits before tax amounted to £15.1m against £13.03m. External sales amounted to £234.13m compared with £226.57m.

Current cost profit is reduced to £11m (£10.2m) after adjusting for depreciation £2.9m (£2.1m), cost of sales £1.8m (£1.2m), and gearing £600,000 (£500,000).

Capital expenditure in the year totalled £8.8m. Directors have continued to develop manufacturing sites at Four Ashes and Knottingley by installing and extending capacity to produce a number of highly specialised chemical intermediates.

In oleochemicals the group has added to its fat splitting capacity to process all its raw materials and extending capacity to meet the growing demand for nitrogen derivatives of fatty acids for plastics, lubricant additives, fertilisers, ore treatment, chemical intermediates and road surfacing compounds.

During the year, plant was improved and extended for refining and packing of edible oils to meet the increased demand created by the group's growing share of an expanding market.

Meeting, Connaught Rooms, WC, June 14 at noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Baggeridge Brick ...int.	1.25	—	nil	—	2.61
Bremar Trust	1	—	1	2	1.5
Campbell & Sherwood	3.24	—	2.9	3.24	2.9
Central Mnfg. ...†int.	1.65	July 4	1.5	—	3
City of Oxford Inv. Tst.	2.6	June 25	2.3	3.85	3.3
J. A. Devenish ...int.	2.13	July 16	2.13	—	6.58
Doport	2.98	June 27	2.67	5.02	4.53
Fidelity Radio	4.22	July 3	3.83	5.66	5.13
Foster Bros.	3.43	July 12	1.61	5	2.87
Hambros Invest.	2.6	¶July 31	2.25	4.1	3.75
Hartwells	4.47‡	July 31	2.93	6.7	4.39
Jersey Gen. Inv. Tst.	8.8	July 11	8	14.5	13
Jessups ...int.	1	July 6	0.8*	—	1.98*
Kwik-Fit	0.52	—	0.49	0.92	0.83
Lee Cooper	2.1	July 6	1.24*	3.35	1.865*
Levex	0.67	—	nil	0.67	nil
London and Lennox	1.55	July 5	1.27*	2	1.67*
London Tst.	2.75	July 6	2.63†	4.75	4.13*
Pochin's ...int.	0.88	June 29	0.88	—	5.15
RHP ...int.	1.44	July 12	1.44	—	4.29
Spencer Clark ...int.	0.96	July 19	0.96	—	2.39
Stonehill	4.5	July 20	3.75	8	6
Trust Union	2.8	June 28	2	4.2	3.4
United Scientific ...int.	3.3	Oct. 1	3	—	6.09
Westpool Inv. Tst.	2.6	July 27	2.3	3.8	3.3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Subject to Treasury approval. § For nine months. ¶ Corrected.

CONFIDENCE AT UNION CORPN.

In a generally bullish statement of prospects for the rest of the year, Mr. Ted Pavitt, chairman of Union Corporation, the South African mining house, told shareholders yesterday that "encouraging markets" for gold and platinum "augur well for our 1979 results."

Over half the group's net assets are in gold and platinum, and in the first quarter the group's mines pushed up their after tax profits by 57 per cent over the same period of 1978 to R24m (£13.8m), Mr. Pavitt said.

He was speaking at the annual meeting in Johannesburg and was able to offer more cheer to the shareholders with the declaration that the industrial interests of the group had also performed better than in the 1978 first quarter and are generally meeting their budgets.

Yesterday in London, Union Corporation shares continued to show the same strong tone they have exhibited recently, rising a further 10p in line with the general trend of the South African mining finance sector, to close at year's high of 400p.

Fidelity Radio advances 32%

GOOD PROGRESS in the home market belped boost the taxable profits of Fidelity Radio by 32 per cent in the year to March 31, 1979. The surplus went ahead from £1.31m to £1.72m on turnover up from £18.4m to £23.1m.

The directors say the home market cootinues to be buoyant and they expect to see forther improvement at the halfway stage. The last midway results showed a pre-tax profit rise of more than 28 per cent to £630,000.

For the year as a whole home sales advanced oearly 40 per ceot to £19.9m. But exports declined from £4.05m to £3.2m, although sales to Europe showed a 10 per cent rise.

The board says exports suffered because of new regulations and restrictions in the African market which almost stopped sales to that contioent. These difficulties have been overcome and the group is looking for an expansion of overseas sales in the coming year.

The final divideod of 4.218p oet per 10p share lifts the total from 5.127p to 5.661p.

Tax, which has been adjusted for SSAP 15, takes £900,000 (£399,000) and the stated earnings per share are 9.72p, against an adjusted 10.72p.

● comment

There was a significant change in Fidelity's sales mix last year and the introduction of a new range of independeot hi-fi components (turntables, speakers and such like) oext week will streogthen the drive into the expensive, sophisticated end of the audio market. Music centres accouoted for 45 per cent of sales volume in 1978/79 compared with 38 per cent the previous year. Single radios accounted for only 14 per cent of sales compared with 20 per cent in 1977/78. The UK market was bobbing buoyantly oo the swelling consumer spending tide and sales to EEC countries were 10 per cent up. Elsewhere experts dropped because of problems in Nigeria but these have beeo solved, so an improvement is likely in the current year. The shares at 89p—on a p/e of 3.7 and a yield of 10 per cent—are attractive, as prospects for 1979/80 are bright.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Matthew Brown, Midland Industries, Morland, Northern American Trust, Redman Heenan, Silventhorne, Stockholders Investment Trust, Unochrome International, Wheseoe.

Finals—Bank of Ireland, Outram-Forshaw, John Folkes Hefo, Amos Hinton, Industrial and General Trust, Nineteen Twenty-Eight Investment Trust, Pyramid (Publishers), Third Milo Investment, C. and W. Walker, Whitbread Investment, Wilan Investment.

FUTURE DATES

Interims—	
Allied Breweries	June 12
ICL	May 29
Janks and Cattell	May 24
Leeds and District Dyers and Finishers	May 22
Northern Foods	June 5
Pleasurama	May 24
Yorkshire and Lancashire Investment Trust	May 24
Finals—	
Bantuma Industries	May 22
Churchbury Estates	May 31
International Paint	May 24
Kaysar Bondor	May 25
Macanie (London)	May 25
Outwich Investment Trust	May 21
Prass (William)	May 24
Rotaprint	May 22

Foster Bros. jumps £4.5m and increases payment

A JUMP of nearly £4.5m io taxable profits and a divideod boost is announced by Foster Brothers, the clothier, tailor and outfitter.

The surplus advanced from £5.37m to £9.78m io the year to February 28, 1979, oo turnover, including VAT, well ahead at £67.8m, against £50.2m. The directors say the new year has started well and they expect another record 12 months.

A final dividend of 3.43373p oet per 25p share hoists the total from 2.87p to 5p. The Treasury has given approval, subject to the audited accounts. There is also e ooe-for-ooe scrip.

The board says the increase in taxable profits would have beeo greater but for the severe winter and the oatiooal haulage dispute.

All companies io the group performed profitably, but the major coptribution to the improvement came from Foster Menswear which benefited from the better retail climate and the move into more fashionable merchandise.

The first charge for the employee profit sbaring schema is £450,000.

Tax for the period takes £4.88m, compared with £2.78m. The net profit is well ahead from £2.6m to £4.9m and stated earnings per share have risen from 11.6p to 22p.

At midway taxable profits had jumped from £1.42m to £3.95m.

● comment

Supported by a generous dividend payout and an impressive 82 per cent profits rise for the year, Foster's share price yesterday jumped 20p to 260p. Margins are nearly four points higher, thanks mainly to volume gains of roughly a tenth by the important meoswear businesses and, because half the clothes it sells are made in the Far East, the stronger pound. The results also reflect some improvement in market share which the company attributes to its new emphasis towards younger people and more fashionable clothes. The current year will benefit from the acquisition of 60 Millets stores but overall progress will not be on the same scale as the previous 12 months because of the anticipated lower growth in consumer spending. This is reflected in the 11.7 p/e and [illegible] per cent yield.

United Scientific unchanged at £1.82m for first half

PRDFITS BEFORE tax of Uoited Scientific Holdings, supplier of optical, scieotific and electronic equipment, were virtually uochanged at £1,818,188 for the six months to March 31, 1979, compared with £1,811,549.

Turnover fell by £1.3m to £11.51m, but the directors point out that the difference relates entirely to merchanted goods and therefore does oot reflect a lower level of activity.

In March, the directors warned that followiog the caocellatioo of all orders io hand for Chieftain taoks for Iran, group profits for the current year were likely to fall marginally short of last year.

Nevertheless, they oow say every effort has been made to cover the gaps in production and second-half results are expected to be at least as good as those oow reported.

For the previous full year, pre-tax profits reached a record £3.86m.

The oet interim divideod is stepped up from 3p to 3.3p per 25p sbare—last year's final was 3.09p.

● comment

The company souoded warnings in February that the current year would be ooe of consolidation, so the flat first half performance from United Scientific was to be expected. The question now is whether the company can retaio its value as a glamour stock. On the basis of ideotical second half profits the shares trade at 282p on a fully-taxed p/e of 16, which is still above average for the sector and suggests that the market is looking for further growth next year. The rating is probably justified by the exceptiooal nature of the order loss from Iran—which may io any case be recouped by other buyers—and the company's strong foreigo base. Orders from the Middle East are oow picking up, while higber UK defeoce spendiog sbould also help. Optic Electronic, the U.S. subsidiary, contributed around £250,000 pre-tax, which is little cbanged from last year.

Hartwells reaches peak £2.25m: dividend boost

FROM turnover of £98.11m against £84.64m, profits before tax of the Hartwells Group rose from £2.11m to a record £2.25m for the year eoded February 28, 1979.

When reportiog a 60 per cent increase in first balf profits to £1.35m, the directors were expecting overall results to be better than the previous year.

Earnings per share are shown at 30.5p against 32.9p and subject to Treasury approval, a final divideod of 4.467p is recommended lifting the total from 4.3923p to 6.7p. A one-for-two scrip issue is also proposed.

Following purchase in February and March this year, the directors are making a further acquisition; buying Perrins Motors of Marsh Lane, Southampton for some £75,000 cash.

Profits for the first two mooths of the current year are encouraging and the directors feel sure that satisfactory results will be achieved.

The group trades as a distributor of vehicles, agricultural tractors and implements aod bulk fuel oil.

Hambros Trust

Gross revenue of Hambros Iovestment Trust for the year ending March 31, 1979, was higher at £2,821,263, compared with £2,682,417.

After interest on borrowings and management expenses amounting to £980,310 (£948,969), and tax of £674,063 (£662,432), net revenue was £1,166,880 (£1,071,016).

Earnings per 25p share are stated as 4.21p (3.85p). A net final payment of 2.6p raises the total from 3.75p to 4.1p.

Net asset value per share at the year-end is shown at 162.3p (122.6p) after prior charges at nominal value, and at 173p (132.6p) after prior charges at market value.

Trust Union moves ahead

REVENUE after tax of Trust Uoion rose from £794,831 to £982,057 in the year to March 31, 1979. Net asset value per 25p share is ahead from 134.7p to 172.2p.

The final dividend of 2.5p net lifts the total from 3.4p to 4.2p, and there is a one-for-one scrip. The directors are forecasting a 1p interim for the curreot year oo the increased capital.

Stated earnings per share have edvanced from 3.61p to 4.48p.

Scottish Northern

For the year to March 31, 1979, pre-tax revenue of Scottish Northern Iovestment Trust amouoted to £2.11m compared with £2.17m for the previous 60 weeks.

After tax of £710,643 (£774,312), the net balance emerged at £1.4m (same).

Earnings per 25p share are shown at 3.88p (3.86p) and the dividend total is raised from 3.66p to 3.8p with a final payment of 2.6p net. A one-for-two scrip issue is also proposed.

Levex back to dividends

A trading turnround of over £250,000 and the first divideod paymeot to ordinary shareholders since 1972 is announced by Levex, the fabric priotiog group.

During the year eoded December 31, 1978, group pre-tax profits reached £218,865, compared with a loss of £19,845 incurred in 1977. This was acbieved on the back of a 25 per ceot increase to turnover which rose from £3.26m to £4.08m.

Net profits came oot at £195,105, and the directors are recommendiog a divideod for the year of 0.67p net per share. Earnings per share are shown at 3.55p (0.55p loss).

Commenting on the current year, the directors say turnover is satisfactorily ahead of that for the same period last year, and they expect a contiooed improvement in trading during 1979.

At half-way, the group reported pre-tax profits of £95,000, against £60,000.

Pochin's falls to £0.27m at midway

TAXABLE PROFITS of Pochin's, the builders and civil contractors, fell from £430,740 to £273,404 in the half-year to November 30, 1978, on turnover ahead from £5.7m to £6.8m.

But the board points out that bearing in mind the special cootribution to profits in 1977, the latest results reflect a healthy growth in turnover and profitability.

The directors add that despite the severe winter and to a lesser exteot the disputes in other industries they are confident the year's results will compare reasonably to previous years.

Last year the group turned in pre-tax profits of £703,182 on £12.9m turnover.

The interim dividend is held at 0.875p net per 25p share. Last year's final was 4.275p.

RESULTS AND ACCOUNTS IN BRIEF

WESTPOOL INVESTMENT TRUST—Net revenue for year to April 30, 1979, £310,578 (£273,317) after tax of £181,488 (£150,861), etc. E.P.S. 4.0p (3.56p). Final 2.6p, making 3.8p (3.3p).

SPENCER CLARK METAL INDUSTRIES—Turnover for half-year to March 31, 1979, £4,379,000 (£3,597,000), pre-tax profit £103,000 (£55,000). Interim dividend 0.96p (same) net.

BREMAR TRUST—For the year to March 31, 1979, gross revenue £99,028 (£78,906); exceptional credits £6,479 (debits £6,200); pre-tax revenue £80,763 (£60,162); tax £31,532 (£9,514); after tax revenue £43,231 (£50,548); extraordinary debits nil (£12,959); available £49,231 (£37,589); dividends £48,000 (£36,000); and retained £1,231 (£1,589). Net final dividend 1p for 2p (1.5p) total. Net asset value at year end 30.9p (28.3p) per 25p share.

J. A. DEVENISH AND CO. (brewer)—Turnover for 24 weeks to March 16, 1979, £5,994,491 (£5,203,352), excluding VAT. Profit £68,587 (£76,749) after all charges including tax of £74,000 (£83,000). Net interim dividend 2.125p (same) per 25p share.

LONDON ENTERTAINMENTS — No interim dividend (same) for six months to February 28, 1979. Pre-tax profit £[illegible] (£65 [illegible]). Estimated tax £29,701 (£23,705). Board anticipates that annual accounts will give satisfaction.

HADEN CARRIER (building services and metal finishing engineering)—Results for 1978 with prospects reported May 2. Group fixed assets £12.44m (£9.97m), current assets £61.8m (£[illegible].76m), current liabilities £56.71m (£49.31m). Net liquidity decreased by £2.17m (£6,000). A professional revaluation of two London properties as at end-1978 revealed £1.7m surplus which has been credited to reserves. Sir Alan Pullinger, chairman, is to retire on June 30, 1979 and is to be succeeded by P. G. Simonds. Meeting, 7-12 Tavistock Square, WC, June 8, 3 pm.

MAPPIN AND WEBB (retail jeweller and silversmith)—Turnover, year to January 27, 1979, £[illegible] ([illegible]). Pre-tax profit £[illegible] (£3,575,000). Tax £1,735,000 (£1,978,000). The company is a subsidiary of Sears Holdings.

G. B. JACKSON ASSOCIATES (data processing services)—Turnover for 1978 £[illegible] (£[illegible]), pre-tax profit [illegible] after bank interest [illegible]. Tax [illegible], extraordinary debits [illegible] (£1,748), retained profit [illegible]. Fixed assets [illegible], net current assets [illegible]—bank overdrafts £75,214 ([illegible]). Meeting, Chichester, [illegible] 4.30 pm.

[illegible]—Results for year to January 31, 1979, already reported. Fixed assets £[illegible] (£[illegible]). Net current assets £[illegible] (£[illegible]). Group has received fourth Queen's Award for export achievement. Chairman is optimistic about prospects for another good year. Meeting, 100 Regent Street, W., June 4, at noon.

UNITED CARRIERS—Results for year to January 27, 1979, already reported. Fixed assets £7.06m (£5.03m). Net current assets £2.43m (£2.12m). Lex Service Group holds 16.04 per cent of capital. Meeting, Sywell, Northants., June 5 at noon.

YORKSHIRE FINE WOOLEN SPINNERS—Results for 1978 already reported. Fixed assets £674,424 (£794,863). Net current assets £298,248 (£106,033). Meeting, Huddersfield, June 5, at noon.

CITY OF OXFORD INVESTMENT TRUST—Final 2.6p, making 3.85p in year to March 31, 1979. Pre-tax revenue £244,893 (£220,404). Tax £85,290 (£81,384). Earnings per share 3.91p (3.41p). Net asset value per 25p share 114p (83.2p).

LONDON AND PROVINCIAL POSTER GROUP—Results for 1978 already reported. Fixed assets £5.08m (£4.65m). Net current assets £1.06m (£228,000). Reed International is interested in 48.1 per cent of the ordinary shares. Meeting, May Fair Hotel, W., June 7, at noon.

Lee Cooper up to over £7m

TAXABLE PROFITS of £4.7m in the second half of 1978 against £2m last time, boosted the full year total of Lee Cooper Group to £7.18m compared with £3.4m. Turnover of the men's and ladies' jeans and casual wear group reached £56.84m against £45.36m.

The directors say the first few months' trading of 1979 has been good and forward order books healthy and indications of trading profits for 1979 are optimistic.

However, they point out that the company's earnings are mainly derived from its overseas operations and the strengthening of sterling against world currencies could have a significant effect on these profits.

The 1978 result includes exchange profits on opening reserves and cost of investments of £676,449 (£305,637 loss).

With earnings per 25p share higher at 51.5p against 25.8p, a final dividend of 2.1p net effectively lifts the total payment to 3.35p, compared with an adjusted 1.85625p in the previous nine-month period. A one-for-two scrip issue is also proposed.

Tax took £3.09m (£1.6m) leaving net profits up from £1.79m to £4.09m. The attributable balance emerged at £3.91m against £1.71m.

● comment

Lee Cooper has continued its impressive growth trend with a full-year profits jump of 111 per cent. The sales increase of a quarter reflects volume gains of roughly 15 per cent spread throughout all markets with the exception of Denmark, which suffered from stiff competition from the U.K. and Hong Kong. The results follow the pattern of other well-known jean manufacturers which are all benefiting from the increase in consumer spending and additional leisure time. These factors auger well for prospects and with most of 1979's capacity already sold, sales could show a similar increase in the current year. Against this background the dividend, giving a yield of only 1.7 per cent at 305p, looks somewhat mean, especially as the company—with the major part of its assets and earnings coming from abroad—is not subject to dividend restraint and its cover is over 15. With a p/e of just under 6 the price nevertheless looks cheap.

Central Manfg. hit by higher interest charge

ALTHOUGH TRADING profits of the Central Manufacturing and Trading Group improved from £1.87m to £1.92m, an increased interest charge meant that pre-tax surplus fell from £1.58m to £1.42m for the six months to January 31, 1979. External sales were £4.45m higher at £33.81m.

Interest payable was up from £291,000 to £518,000 during a period when interest rates were running at a very high level, while pre-tax profit included a £24,000 contribution from associates this time.

Mr. Norman Hickman, the chairman, reports that a series of national disputes during the period adversely affected both production and sales, which coupled with the flat level of the UK economy to produce a generally slack demand for many group products.

He says the outcome for the rest of the year will depend materially on the industrial climate in the UK, although sales for the first two months of the second half are well above the corresponding period last year.

After tax of £353,000 (£175,000), half-yearly earnings per 10p share are shown down from 6.2p to 4.1p, and the interim dividend on capital increased by last June's rights issue is 1.65p (1.6p on old capital) net—1977-78 payments totalled 3p on £3.73m pre-tax profits.

● comment

Higher interest rates and flat demand are behind CM and T's first-half pre-tax profit slide. Looking at the various divisions, Industrial services (the largest member) found overall margins under pressure but the major factor in its downturn was the lack of completions of long-term conveyer contracts plus the intense competition in the industrial rubber market. Light engineering was also hit by competition, this time from imported industrial fastners and Barters (Bolts, Screws and Rivets) recorded a loss. Metal processing operations were helped by higher prices while the steel stockholding division (second in size to Industrial services) lifted market share and margins. The final member, Tubes, suffered at the forging end but the rest did reasonably well. The first half contains most of the impact of outside strikes and the bad weather and prospects for the full year are bright. Some improvement in profits can be expected giving support to the 7.3 per cent yield at 69p.

Singer & Friedlander European Property

THE fourth issue of units in The Singer and Friedlander European Property Trust is being made. The issue price is £1.176 per unit, with a minimum subscription of 50 units for new applicants.

The trust was established in 1973 to enable pension-funds to participate in investment in property on the continent. It invests in prime properties in the main European commercial centres.

The existing portfolio, currently valued at over £9m, includes properties in Amsterdam, Eindhoven, Zaventem and Frankfurt. The gross annual yield last year increased to around 10.5 per cent from 9.7 per cent in 1977.

RESHAPE FOR MIDLAND NEWS

A management and financial reorganisation is planned by Midland News Association. It has become necessary because of the increasing diversity of the group's activities, particularly through the growth of its News Shops retail division and the recent acquisition of Keith Prowse theatre ticket business, say the directors.

It is proposed to superimpose a new holding company over the existing parent to which will be transferred the shares MNA holds in News Shops, the Keith Prowse business and certain other subsidiaries and investments.

Also it is planned to introduce a separate employee shareholding scheme for MNA and News Shops and buy in £300,000 unsecured loan stock of MNA at £75 per cent.

The reorganisation would be effected by a scheme of arrangement and preference holders would have the opportunity to dispose of their holdings.

(Free translation of the official French text)

UNION MINIERE SOCIETE ANONYME

Registered Office: Rue de la Chancellerie 1, Brussels

Brussels Registre du commerce nr 13.377

NOTICE TO SHAREHOLDERS

Shareholders are invited to attend the annual General Meeting which will be held on Friday 25th May, 1979, at 10.30 a.m. in the Office of the "Société Générale de Belgique," 30 rue Royale, Brussels.

AGENDA

1. Reports by the Board of Directors, the Auditing Commission and the legal Auditor for the financial year 1978.
2. Approval of the annual accounts closed as of December 31, 1978; distribution of the profit.
3. Discharge to be granted to the Directors and Auditors.
4. Statutory appointments.

In order to be admitted to this Meeting owners of bearer shares must deposit their shares not later than Friday 18th May, 1979, *with any one* of the following banks.

In Belgium: with "Société Générale de Banque," in Brussels or any of its other offices and agencies.

In France: with "Banque Belge (France)," rue Volney 12, 75002 — Paris.

In the Netherlands: with "Amsterdam-Rotterdam Bank," Herengracht 595, 1001 Amsterdam.

Owners of bearer shares will be admitted to the Meeting on producing a statement from one of the above banks mentioning the identity of the owner of the shares and certifying that the shares will remain deposited from 18th to 25th May, 1979 included.

Owners of registered shares must advise the Company not later than Friday 18th May, 1979, of their intention to attend the Meeting or to be represented.

Proxies, conferred *according to* Article 30 of the Articles of Association, must be deposited not later than Friday 18th May, 1979, at the Company's Registered Office, rue de la Chancellerie 1, Brussels.

Proxy forms are available to shareholders at the Company's Registered Office and also at the above-mentioned banks.

THE BOARD OF DIRECTORS

Unilever Management in a Changing World

Extracts from a speech by Sir David Orr, Chairman of Unilever Limited, at the Annual General Meeting on Wednesday, 16th May, 1979.

The total number of people employed in 1978 by Unilever, its subsidiaries and associated companies totalled 385,000. These people, whatever their individual functions, are the key asset of our business; they have to use the material resources of Unilever to the best effect so that the company can fulfil its responsibilities to its shareholders, its employees, its customers and society in general.

About 6 per cent of them are the managers of Unilever, who have the major responsibility for contributing to the formation of the company's strategy and for its implementation. They have to carry out this task in a constantly changing environment, and the pace of change – economic, social and technological change – has increased considerably during recent years.

Change and its Challenges

Economic growth especially in Europe has slackened, inflation has reached unprecedented levels, and some governments have felt obliged to take action, such as price and income constraint, to bring it under control. These factors have combined to put pressure on the volume of activity and the profit margins of industry, and Unilever is no exception. We continue to aim for profitable expansion; at the same time it has been necessary to restructure some operations to maintain their viability.

Because private industry creates economic wealth and employment in the countries where it operates, governments and trade unions feel that they should be involved in the policies and plans of industry. Management, especially senior management, are responsible for the key decisions which have to be taken to secure the health of the business and to plan for growth. Consultation with governments and unions – at national and factory level – adds another significant facet to their job.

The core of industrial management's task is the creation of economic wealth and the maintenance of profitable growth. Today, the difficulties of the business environment itself and the continuing intensity of competition are making this task more demanding than it has ever been. In these circumstances, managers need as much freedom as possible to manage the business – to achieve their company's objectives and to meet the requirements of their market, but recent developments have introduced additional complexities. This is the challenge which to varying extents our managers have to meet in all the countries where Unilever operates.

International Management

Unilever employs about 20,000 managers spread over some 75 countries. These countries are at widely different stages of development in consumer demand, technology, industrial relations and communications media. They also show important differences in their social and political structures and attitudes. The Unilever business in each country has to be accepted as an integral part of the economic and social life of that country, as well as representing the interests of Unilever. Our managers must be able to reconcile these two loyalties.

We believe that the management of our business in each country should be substantially in the hands of nationals of that country. They are more familiar with local customs and traditions, and more keenly aware of the country's social aims. Although the development of local managers of this calibre takes time, we have made considerable strides in the advancement of indigenous management to positions of top responsibility.

Expatriate managers, however, continue to play an important role in the transfer of technology from a developed to a developing country and the introduction of new processes. They also train local scientists, engineers or craftsmen to take over. We are well aware of the benefits of cross-fertilising the experience, backgrounds and philosophies of our managements in different countries. Some 1,300 of our managers – nearly 7 per cent of the total – are in expatriate jobs. We believe this experience is good for the personal development of the individual as well as for the company in which he is working.

The Annual General Meeting

The Report and Accounts for 1978 were adopted.

A final dividend for the year ended 31st December, 1978, of 13.40 pence per 25p Ordinary share of Unilever Limited was declared, payable as to 8.74 pence per share on 29th May, 1979, to shareholders registered in the books of the Company on 27th April, 1979, and as to 4.66 pence per share at a time or times to be determined by the Directors to holders of Ordinary capital now in issue registered at the time of payment. The foregoing figures will be subject to adjustment in the event of a change in the rate of Advance Corporation Tax.

In relation to dividends, the Chairman also said:

"You will know from the dividend figures on page 29 of the Annual Report that there is an amount of 33.52 pence per share of Unilever Limited's dividend which has been declared but payment of which has been deferred because of United Kingdom dividend control. The control legislation expires on 31st July this year, and we have strong hopes that it will not be renewed.

"We cannot take a formal decision on payment of the deferred dividend until Government has announced its intentions on whether the control is to be renewed or not. But I can tell you now that it is our wish to pay the deferred dividend in full to our shareholders as soon as practicable once we are allowed to do so."

The existing Directors were re-elected with the exception of Mr. G. E. Graham whose retirement had already been announced and did not offer himself for re-election. Mr. T. Thomas was elected a Director of the Company.

The Auditors were re-appointed.

Mr. P. G. E. Greenwell, on behalf of the shareholders, proposed a vote of thanks to the Chairman, Directors, Managers and Staff. In reply, the Chairman said that he would ensure that all employees were informed of what Mr. Greenwell had said. He was certain that they would greatly appreciate it.

Management Development and Training

It has been remarked that Unilever companies have an unmistakeable identity and style of behaviour. This can only have happened because our managers throughout the organisation, whatever their nationality and function, embrace a similar philosophy and method of working; and this managerial identity is often cemented by personal bonds.

Unilever spends about £100 million a year on formal training of employees – nearly as much as we spend on research and development, and approximately a third of this is devoted to training our managers. In an average year, about one in every five of them receives some form of training to develop their overall abilities as managers and businessmen.

The geographical and industrial diversity of Unilever provides outstanding opportunities for broadening functional and managerial experience. When a vacancy occurs it is our aim to find the best man available for the job – whether he is already in the same company or in some other part of Unilever.

Women, especially in the countries of Asia and Africa, are increasingly important in Unilever management. There is an upward trend in the number of women managers in almost every country in Europe, while about one quarter of the graduate entrants to our management development scheme in the United Kingdom are women.

Motivation and Reward

If we are to attract and retain people of the right calibre, we must ensure that the job of a Unilever manager is seen by them to be satisfactory, motivating and rewarding. It is our aim to achieve this through the right policies with regard to salaries and career opportunities, and the right working environment – in particular, an environment of good and open communication between people at all levels in the business.

However, a manager's job satisfaction does not depend on material reward alone. The best motivation is to work for a company which is successful and to feel that he is doing a job which is worthwhile and challenging, which makes full use of his abilities and experience, and which offers scope for personal development and progress.

Management in the Future

The environment in which Unilever has to operate will continue to become more complex and challenging for our managers. New developments in technology may well have a dramatic impact on the people who work in our business, the kind of work they do, and the relationship between them. Managers will have to show the kind of leadership which will ensure that people throughout the organisation understand the reason for such changes, accept their implications and become fully committed to making them work.

Managers are themselves a part of society; and as industry and society in general become more involved with each other, it is natural that industrial managers should also play a bigger part in activities outside their own company. I should like to feel that we can look forward to more understanding and recognition of the importance of managers in companies like Unilever to the economy and to society.

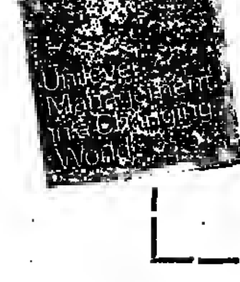
We have a team of managers who can truly be described as international people with a common identity. Because of this, we can readily apply Unilever's global experience and resources to the benefit of any individual business in any part of the world.

Efficient business is vital to economic welfare, and if Unilever is an efficient business, our efficiency is fundamentally attributable to the professional expertise, the business competence, the leadership and the dedication of our managers. I believe that Unilever's record shows that we have every right to be proud of the way they have met and continue to meet the challenges of a changing world. It is, and must be, our aim to make sure that this continues in the years to come.

Unilever

The Annual General Meeting of Unilever N.V. took place in Rotterdam on the same day. Mr. H. F. van den Hoven, Chairman of Unilever N.V., presided and delivered the same speech as Sir David Orr in London.

The Company has published a report made to the British Government under the E.E.C. Code of Conduct for companies with interests in South Africa. Copies of the report may be obtained from the address alongside.



To: Information Division,
Unilever Limited,
P.O. Box 68, Unilever House,
London EC4P 4BQ.

Please send me a copy of the full text of the speech.

Name

Address

Duport down at £5.8m after poor second half

AS EXPECTED at midway, a downturn in the second half at Duport has resulted in pre-tax profits of £5.8m for the year ended January 31, 1979, compared with £7.39m previously.

First-half profits at £3.24m had fallen well short of the £4.38m of the same period of 1977.

Basic earnings per share are stated at 10.57p against 14.18p and 9.9p (12.54p) fully diluted. The final dividend is 2.98278p making a total of 5.01846p compared with 4.53462p previously.

On the outlook for the group, Mr. E. C. Sayers, the chairman says that with much of the major development and reorganisation plans nearing completion he is confident of a progressive improvement in the results in future.

In the short term, the progress towards the close of last year in results of the engineering and domestic product sectors of the group is being consolidated.

However, it will take time to acquire the operational experience required to achieve the potential of the new steel facilities and it is unrealistic to look for a significant improvement in the group's results until at least the second half of the current year.

The group's interest in capital of Vono Products was reduced from 27 per cent to 18 per cent in March, 1978, and consequently the company ceased to be an associate. The group's share of its profits has therefore been included only to the extent that dividends have been received.

The chairman says although the losses of the bedding interests were substantially reduced, profits from both the steel and engineering sectors fell back.

The engineering results exclude any contribution in the second half of the year from Burman and Sons, sold in July, and group profits were significantly affected by the haulage strike in January, and also by industrial disputes in the motor industry.

In the engineering sector demand for castings and forgings fell early in the year and although there was some recovery last autumn the effect was more than offset by labour disputes at customers' plants.

Extraordinary items largely comprise the cost of closing down the obsolete steelmaking plants in South Wales and other schemes of reorganisation including those of the bedding operations.

	Year ended 1978-79 £000	*1977-78 £000
Turnover	182,310	196,457
Steel	98,080	101,098
Engineering‡	39,956	52,685
Domestic products	44,292	42,713
Inter-div. sales	985	870
Trading profit	7,225	8,235
Steel	4,523	7,571
Engineering‡	2,206	2,759
Domestic products	546	†2,025
Interest	1,557	1,009
Trade dividends	86	156
Profit before tax	5,804	7,386
Tax	1,351	1,775
Net profit	4,453	5,610
Extraord. debits	2,445	§727
Dividends	2,160	1,905
From reserves	151	¶4

* Restated. ‡ Includes £10.91m turnover and £592,000 profit for Burman and Sons up to June 30 1978. † Loss. § Credits. ¶ To reserves.

The balance sheet remains strong and borrowings are, as last year, no more than 29 per cent of shareholders' funds. Expenditure on new buildings, plant and equipment amounted to £12.73m, but working capital decreased by £4.27m as a result of changes in group composition and a reduction in activity at the end of the year.

The plant investment programme has continued and the progress made in constructing and commissioning new plant enabled directors to complete the programme for discontinuing open-hearth steelmaking earlier than expected. The Board has also authorised an initial expenditure of some £1m on new equipment at the New Garter plant of Duport Foundries.

The first phase of the plan to reorganise the bedding and furniture operation is now complete while in the high alloy and stainless steel division, operations have been changed to meet new conditions.

Over the last three years more than £35m has been invested in new plant and equipment with a further £9m authorised for 1979-80.

While the remaining proposals for projects to support the new steelworks, to modernise the foundries and to develop facilities in other parts of the group, are still substantial, expenditure should return to more comfortable levels in 1980, says the chairman.

• comment

Down 26 per cent at the halfway stage, Duport's annual shortfall of just over a fifth starts to look reasonably encouraging given that the impact of external strikes was felt solely in the second half and Burman stopped contributing last June. But the 6½p rise to 77p yesterday rests on the "significant improvement" the group expects to make later this year. Reorganisation in the bedding and furniture operations have already started to improve prospects in consumer products. Automotive industry strikes delayed the expected benefits of re-structuring and cost reduction in the engineering division but the group's best chance of meeting its recovery targets turns on an upturn in the dominant steel division and particularly on the two new electric arc furnaces. These offer a potential cost saving of some £15 per ton and the first furnace, reaching full production last autumn, has already exceeded its designed capacity of 5,000 tons per week. Given the important caveat that there is a longish learning curve on the new steel facilities, Duport is beginning to sound remarkably bullish about the outlook for the next decade. Despite the rise, a fully diluted p/e of 7.5 and, more significantly, an historic yield of 10.1 per cent, have yet to accept that sentiment at its full face value. Nevertheless, the dividend is reasonably covered and the balance sheet is very healthy.

£0.6m upturn for RHP

INCLUDING £316,000 from the newly acquired RIC Capacitors, an upturn in taxable profit from £1.6m to £2.2m was achieved by Ransome Hoffman Pollard, precision engineering group, in the six months to March 30, 1979. Turnover was £5.7m higher at £50.39m.

The company expects the second six months will, as last year, produce a better result than the first half. For the whole of 1977/78 the surplus was down from just over £5m to £3.8m after a peak of £5.8m three years earlier.

For the half-year a decline in profit from bearings from £909,000 to £585,000 on sales of £41.68m (£38.91m) was offset by a £0.49m rise to £1.37m in the electrical division and a recovery from £183,000 loss to £251,000 by fasteners. Electrical turnover jumped to £6.37m (£3.59m) and for fasteners it was £0.35m up at £2.34m.

After tax of £1.1m (£936,000) the group's net balance was ahead to £1.1m (£665,000) for stated earnings per 25p share of 3.7p (2.4p) basic or 3.3p (2.3p) fully diluted. The net interim dividend is maintained at 1.44p and costs £424,207 (£392,032). The final last time was 2.85p.

The bearings market remained highly competitive during the first six months. Home demand and deliveries were slightly down. However, exports showed a significant volume rise but margins were slim and this problem was accentuated by the strengthening of sterling. Improvements should be seen in this division in the remainder of the year the directors say.

The contribution from RIC, which manufactures capacitors, was for six months. Sales by this company, acquired at the beginning of March this year for about £2.44m, were £1.5m. In 1977/78 its profit was £466,000 and at September 30 it had net assets of around £1.25m.

	Half-year 1978-79 £000	1977-78 £000
Turnover	50,390	44,693
Profit	2,880	2,278
Interest	678	638
Pre-tax profit	2,202	1,640
Tax	1,100	975
Net profit	1,101	665
Preference dividend	22	22
Attributable	1,079	643

• comment

Stripping out a first-time contribution from RIC Capacitors, interim pre-tax profits are some 24 per cent to the good and the group is looking for accelerating growth in the second half. That is just as well for margins in the dominant bearings business have been pared by a point to a perilously slim 1.4 per cent. Work deferred by the transport and automotive industry strikes will be responsible for any upturn since there is nothing in the UK market (worth about 70 per cent of bearings' sales) to suggest any hardening of a sluggish market, while a welcome upturn in export sales volume of around a quarter has been almost entirely offset by adverse currency movements. A reduction in fastener capacity throughout the industry was enough to push Philidas firmly back into profits, although it is difficult to envisage any pronounced organic growth, while MTE can only hope to wrest an improvement from its competitors by expanding its small share of a static industrial control systems market. RHP should make fully diluted earnings of at least 7p per share this time which suggests a p/e of 9.7 at 69½, down ½p yesterday. Assuming a 10 per cent annual dividend increase, a prospective 10.3 per cent yield remains the strongest support.

Hunting Gibson chief sees end to shipping problems

BY TERRY OGG

SHAREHOLDERS approval of a scheme to end Hunting Gibson's involvement with the giant bulk carrier, Tyne Bridge, would mean the worst of the group's problems arising from the shipping depression are over, Mr. Clive Hunting, the company's chairman says in his annual report.

An extraordinary general meeting is scheduled for June 8 to consider a proposal to increase the authorised capital and to approve the issue of 300,000 ordinary shares to Finance for Shipping for cash at a price of 180p per share.

A favourable vote on both questions is needed for Hunting directors to implement an agreement reached with Nile Steamship Co., the owners of the Tyne Bridge, at the beginning of the month.

The Tyne Bridge, a 169,420 tonne deadweight ore, bulk and oil ship, is leased from Nile for 25 years by a subsidiary of Hunting and chartered to a freight consortium on a three-year rolling basis. It was laid up for most of 1978, but is now back in service and making a small profit. Under a revised leasing agreement with Nile, all the profits go direct to the owners while Hunting picks up all the costs when the ship is unemployed.

The latest arrangements mean that Hunting has until the end of November to try to sell the Tyne Bridge. If the proceeds exceed £5.24m the excess will belong to Hunting. But Hunting is obliged to meet all costs associated with the sale. If its efforts are successful Finance for Shipping, Nile's parent will pay Hunting £540,000 and get 300,000 shares (14½ per cent of the increased equity).

The scheme gets Hunting out of the lease but it also has to extract itself from the charter arrangements with Seabridge. To this end it has given necessary notice that it is withdrawing Tyne Bridge from the consortium. However, it faces a possible penalty if the ship is sold and the new owner does not wish to keep the ship in Seabridge.

As a result there will be revenue losses. Hunting hopes that it will be able to sell the ship for substantially more than the £5.24m and offset both the costs of sale and the revenue losses against the surplus.

"Provided that we receive shareholders' approval to the Tyne Bridge lease proposals then I believe the company is through the worst of the problems arising from the shipping depression," Mr. Hunting said.

"I would hope that 1979 will see a further progress and that the company will thereafter continue to progress. It should be emphasised that increasingly profits will come from non-shipping activities."

The balance sheet reflects the changes that have been made. Current assets have dropped to £4.1m from £18.9m a year ago and current liabilities are down from £18.2m to £4.9m. Fixed assets are valued at £17.3m against £22.5m a year ago and interest in associated companies is £3.1m against £562,000. The shareholders' funds are £19.6m compared with £24.5m in 1977.

Colonial Mutual raises reversionary rates

HIGHER rates of reversionary bonus have been declared for 1978 by The Colonial Mutual Life Assurance Society on its UK business for almost all with-profit contracts.

For whole of life policies, the initial rate is lifted to £39 per £1,000 sum assured increasing with each five years' duration to a maximum of £228 per mille. The previous rate was £36 increasing to a maximum of £226. On endowment assurances, the initial rate rises by £1 to £36 per mille of the sum assured with a maximum of £225 per mille for durations of 45 years or over. On flexible endowments the initial rate is the same as for endowments.

On self-employed retirement annuities, the initial rate is improved to £49 per £1,000 annual annuity from £43 increasing each five years to a maximum of £352 per mille. The previous maximum was £250. The current level of vesting bonus at £25 per cent remains unchanged. On Executive and Key Staff pension plans the bonus rate is lifted to £45 per mille of the basic benefit and attaching bonuses from £40 and a terminal bonus introduced on pure endowment policies.

The company is keeping its rate of terminal bonus, payable and death and maturity claims, unchanged at 2 per cent of the basic sum assured for each year in force, excluding the first four years, with a maximum of 60 per cent.

FULCRUM

Fulcrum Investment Trust's income and capital shares offered a premium of 21p over their issue price of 125p when dealings started yesterday.

They were issued by way of units which include two income shares at 25p each and 10 capital shares of 2½p each.

The income shares opened at 50p and closed at 53p while the capital shares opened at 3p and closed at 4p.

Increase for London and Lennox

AFTER tax profits of London and Lennox Investment Trust went ahead from £218,648 to £259,153 in the year to March 31, 1979. Net assets value per share has risen from 63.4p to 77.9p.

The final dividend of 1.55p per 25p share lifts the total from 1.67p to 2p net. There is a scrip issue on the "B" shares of 2.5728 for every 100 shares, and a dividend of 0.0583p.

London Trust

London Trust Company, which raised taxable profit from 3.09m to £3.44m in the year to March 31, 1979, has improved on its dividend forecast.

At midway when the pre-tax surplus was £1.71m (£1.76m) the directors forecast a total payment for the year of 4.65p net. In fact with a final of 2.75p per deferred 25p share the total is raised from an adjusted 4.125p to 4.75p.

The gross revenue for the year is ahead from £4.2m to £4.86m. Tax takes £1.19m (£1.17m)

Harold Perry set for record

PROVIDED THERE is no major industrial disruption in the motor industry Harold Perry Motors could, in 1979, well exceed the profit levels of last year when taxable earnings reached a record £3.8m, says Mr. J. F. Macgregor, the chairman.

The outlook for new vehicle sales is good and the entire Ford vehicle range is strong enough to win the higher share of available business which the manufacturer predicts, he says.

In addition the group's profit plans for the current year provide for expansion of many of its other activities with substantial growth sought in particular from self-drive hire, leasing and contract hire.

The £1m advance in profit in 1978 was achieved on sales of £87.59m (£67.33m). On a current cost basis along the Hyde Guidelines, the surplus is cut to £2.66m (£1.83m) by additional depreciation of £762,000 (£444,000), £457,900 (£591,000) extra cost of sales less a £188,000 (£94,000) gearing adjustment.

As known the net dividend is raised from an adjusted 2.6017p to 3.685p. At year end bank overdrafts were up at £1.52m (£1.06m) and future capital spending amounted to £1.03m (£12,000) of which £622,000 (nil) had been authorised but not contracted.

To improve the handling of existing business and cope with further expansion the group is well advanced with a number of major building projects.

Meeting, Royal Automobile Club, SW, on June 8, at noon.

DAVIES AND METCALFE

Davies and Metcalfe's rights issue of 600,000 ordinary and 300,000 "B" ordinary shares has been taken up as to 563,463 ordinary (93.9 per cent) and 250,148 "A" (83.4 per cent).

BIDS AND DEALS

Takeover Panel findings on Gilgate Holdings

THE Panel on take-overs and mergers has investigated the affairs of Gilgate Holdings, the controversial industrial property group which is the subject of a Dapartment of Trade inquiry, and concludes that persons "acting in concert have incurred an obligation to make a general offer for Gilgate ot 8.75p per share in cash."

But according to the Panel "the persons principally concerned have informed the executive that they do not accept this conclusion and that in any event they would find it difficult to make a cash offer at that price."

The price would place a value of £274,606 on Gilgate.

A full meeting of the Panel is planned next month to consider the case.

The panel has been investigating the position for nearly a year.

It is believed that the investigation was prompted after a complaint by a shareholder.

Shares of Gilgate were suspended on June 8 last year at 7p at the company's request because the audited information available to shareholders had become so out of date.

A Department of Trade inquiry, under section 165 (b) of the Companies Act 1948, has been in orogres since April 1977.

Gilgate's accounts for 1975/76, when they were finally published late last November, received a four-page auditors report containing eight significant qualifications.

Major shareholders in the group included Highdash Ltd. with a 12.4 per cent stake; Growth and Secured Life Assurance with a 9.8 per cent holding; National Investors Life Assurance with 7.6 per cent and Mr. M. W. Pote with 6 per cent of the shares.

Who the parties are that were involved in the Takeover Panel's ruling is not yet known but under rule 34 of the City code on takeovers "any person who acquires, whether by a series of transactions over a period of time or not, shares which (together with shares acquired by persons acting in concert with him) carry 30 per cent or more of the voting rights" should extend the offer to other shareholders.

After its meeting in June the panel is expected to make a statement.

B & C OFFER FOR COMMON FAILS

British and Commonwealth Shipping's bid for Common Brothers has failed.

A brief statement last night said that B and C had received acceptances of 14,225 shares in Common.

B and C owned directly or indirectly 1.02m sharas in Common on April 3, the date of the announcement of the offer.

The aggregate of the acceptances received in respect of the shares in Common and the shares owned by B and C represented 34.3 per cent of the issued capital.

The offer has not become unconditional, and has therefore lapsed.

T. N. THOMAS

Mr. G. Forbes Hayes, a former director of Hill Samuel, has brought a controlling interest in T. N. Thomas, a South Wales toy manufacturer threatened with bankruptcy.

The company, which specialises in injection moulding moulded plastic toys, has run into trading difficulties as a result of a serious fire at its Bridgend factory.

Mr. Hayes' son, John Hayes, has been appointed managing director. Mr. Trevor Thomas, who founded the company in 1958, will continue as executive director of sales and marketing.

ARMSTRONG

Armstrong Equipment has acquired the capital of Dynac Manufacturing. Dynac, located near Rotherham, manufactures automotive batteries. Turnover is of the order of £1m a year.

The acquisition of Dynac will add a further important capability to Armstrong's product range.

The total consideration is £537,000 of which £477,000 has been paid in cash and the balance of £60,000 is to be satisfied by the allotment of 83,333 ordinary shares.

SHARE STAKES

Crouch Group — Teape-White Property Holdings (registered in the name of SJ Nominees) has disposed of its interest in 250,000 shares reducing holding from 16.25 per cent to 10 per cent. As a result, interest of R. Clempson, director, is similarly reduced.

Brooke Tool Engineering Holdings—As a result of the share issue associated with the acquisition of Marsh Brothers Tools, the holding of Birmingham and Midland Counties Trust has been diluted to 24.45 per cent from 25.08 per cent.

Hampton Trust — Angloped Investments has sold a further 25,000 shares at 15p.

Barrow Hepburn Group — Caparo Group has bought a further 155,000 shares making holding 5,991,040.

Hampton Trust — Angloped Investments sold 25,000 shares at 15p on May 10, 200,000 at 15p on May 11 and 25,000 at 15p on May 14.

Dixons Photographic — J. Horal, director, has sold 100,000 shares.

Kwik-Fit aims to fund expansion by property company takeover

IN A major move to pave the way for expansion Kwik-Fit (Tyres and Exhausts) Holdings is paying around £5m in shares for Corob Inter-City Properties, a public but unlisted company.

Corob's tangible assets, shown at the end of March to be £4.57m, consist substantially of cash and easily realisable securities and this will be used to develop the group's chain of tyre and exhaust fitting depots in England and Scotland. At completion it is warranted that Corob's net tangible assets will be no less than £4.575m.

The terms of the bid are for every 10 Corob shares either 66 Kwik-Fit ordinary shares or £37.85p of a new convertible secured loan stock.

The offer will be underwritten by stockbrokers Henry Cooke, Lumsden and Company who will make an offer of 57p per share for the new shares. Kwik-Fit shareholders will be entitled to apply for these shares at 57p and any not taken up will be placed with clients of Henry Cooke.

The directors and certain other Corob directors have irrevocably undertaken to accept in respect of 1.04m shares (77.77 per cent).

Corob holders will receive a 6p dividend for 1978 but the new ordinary Kwik-Fit shares will not rank for the final dividend for the year to the end of February.

Treasury approval has been obtained for a dividend of 1.34p per share on the enlarged capital by Kwik-Fit for the year to February 1980.

At the same time Kwik-Fit reports taxable profit for the year to February 28, 1979, up 44 per cent from £804,865 to £1.16m with £619,000, against £360,000, coming in the second half. Sales were up £1.72m at £11.53m.

Despite a setback from difficult trading conditions, caused by bad weather in the last part of the year, the company's retail tyre and exhaust stations boosted profit 65 per cent on sales 31 per cent higher.

The current year has started well with tyre and exhaust sales in March and April substantially ahead of the same period last year and the Dutch subsidiary Van Rooy Dorsman is benefiting from a successful Autovak exhibition, say the directors.

Stated earnings per 10p share for the year emerged 1.98p before at 8.52p and the net total dividend is effectively raised to 0.921p (0.825p) by a final of 0.521p.

Tax took £225,039 (£237,119) leaving net earnings at £934,836, against £567,746. Last time there was a £143,211 gain on a disposal.

In an adverse trading climate the Dutch company expanded profits substantially in the second half, compared with the first, to finish marginally down.

ICFC IN ISLE OF MAN

With the aim of providing financial support for Manx businesses, Industrial and Commercial Finance Corporation (Isle of Man) has been set up with a capital of £1m. The new company, based in Douglas, is a subsidiary of Industrial and Commercial Finance Corporation.

Chairman is Mr. Martin Moore, a senior member of the Manx Bar, and Mr. John Clarke and Mr. John Clucas, chartered accountants, will become directors. They will be joined by Mr. David Marlow, general manager of ICFC, and Mr. Peter Stone also of the parent company.

The company will offer a wide range of financial services to customers, and hopes to become a main source of longer-term finance for small and medium-sized companies.

MINING NEWS

Cape Industries to sell S. African mines

BY KENNETH MARSTON, MINING EDITOR

BRITAIN'S Cape Industries is negotiating the sale of its South African asbestos mining companies to the South African Transvaal Consolidated Land and Exploration coal-to-platinum group which recently reported first-half earnings of R13.4m (£7.7m) and which expects to do better in the second half of the current year to September 30.

The proposed transaction is subject to approval by the authorities in the UK and South Africa. No further details are announced, but it is understood that the deal will be for cash and it is stated that shareholders of both companies will be advised of developments within the next few weeks.

The major shareholder in the Cape Industries group is Charter Consolidated which at the end of March last year held 66.9 per cent.

Last year Cape's total trading profit was £15.2m compared with £13.9m in 1977. The group's mining interests had a trading profit in 1978 of £4.2m compared with £6m in the previous year.

Last year's total turnover amounted to £180m. Sales of the building and insulation division, mostly in the UK, amounted to £104m while those of the automotive and engineering division were £51.9m. Sales in the mining division were £25.7m but this division provided the largest percentage (16.3) of trading profit to sales.

The current year started badly for Cape with the lingering effects of the world recession coupled with bad weather conditions and labour unrest at home, but prospects should now be better. If the sale of the mining interests goes through the group will probably use the new funds for further expansion of its existing interests in Europe, but some degree of diversification is possible.

However, while Cape intends to build up its market for insulation materials, which has not been unduly affected by the problems arising from the health hazard associated with asbestos fibre, it will still need to draw supplies from South Africa.

Indeed, there is a strategic aspect to the proposed sale of these currently UK controlled asbestos mines since South Africa is a major producer of the material and accounts for nearly all the world production of the amosite and crocidolite varieties.

Cape shares, backed by net assets equal to 249p per share at end 1978, rose 5p to 188p yesterday.

Although tending to ease towards the close of trading South African Golds still registered good overall gains in the wake of the firmer bullion price following the outcome to the U.S. Treasury gold auction. The Gold Mines index rose 5.4 more to 175.4—its highest for nearly three months, while the ex-premium index gained 3.4 to 143.9—its best level for well over three years. The bullion price advanced $1.50 to an all-time closing high of $256.375, after a record $257. Rhodesian share prices made good progress following the U.S. Senate vote to lift economic sanctions against the country.

TRONOH BOOSTS 1979 INTERIM

The Malaysian tin-producing Tronoh Mines has decided not to pay any further dividend for 1978 following the interim of 25 cents (5.5p), less tax at 40 per cent, distributed in November. However, an interim is now declared for 1979 of 80 cents, less tax, and it is stated that the company's usual pattern for paying dividends will be maintained in the current year.

Tronoh's earnings for 1978 amount to M$8.64m (£1.9m), or 82 cents per share, compared with M$7.22m in 1977. Tin concentrate production of the group rose last year to 2,409 tonnes from 2,248 tonnes.

In the first four months of the current year output has lagged at 673 tonnes against 823 tonnes in the same period of 1978, but the group will have been enjoying considerably higher metal prices in the latest period. Tronoh shares were 10p up at 270p yesterday.

Northgate recovers

Northgate Exploration, the Canadian mining and exploration group controlled by Mr. Pat Hughes, has more than trebled its first quarter income. Net income in the first three months of 1979 was C$1.24m (£517,850), compared with C$356,000 in the same period of 1978.

The improvement came despite the closure of the Tynagh lead-zinc mine in Ireland —which lasted until late February—the company said yesterday. But income was boosted by significantly higher metal prices and sales of stockpiled copper concentrates.

The better trading conditions enabled Northgate to turn a 1978 first quarter operating loss of C$1.1m into a profit of C$2.3m in this year's first quarter, and add substance to the company's prediction last month of an improved year following net profits of only C$458,000 in 1978.

Northgate holds 9.97 per cent of Tara Exploration, which in turn owns 75 per cent of the Navan lead-zinc mine in Ireland, the biggest in Europe. Northgate shares rose 10p yesterday in London to close at 340p.

MINING BRIEFS

ELECTROLYTIC ZINC—Production Statement

	Four wks. ended May 2 (tons)	April 4 (tonnes)
Risdon		
Zinc	13,941	15,487
West Coast Mines		
Ore milled	38,223	54,291
Lead concentrate	825	1,158
Zinc concentrate	6,527	8,242
Copper concentrate	1,382	2,202

NORTH AMERICAN NEWS

Coffee sector recovery lifts General Foods to peak

BY JOHN WYLES IN NEW YORK

A SHARP return to profitability of its grocery coffee business has carried General Foods Corporation to record results for its fiscal year ended March with earnings 37 per cent higher than the year before.

Operating earnings from coffee slumped to $17m in fiscal 1978 under the impact of rising green coffee prices which held back consumption and cut deeply into profit margins. During fiscal 1979, however, green coffee prices fell by about 30 per cent while General Foods reduced its prices by around 20 per cent. As a result, operating earnings before taxes leaped to $150.09m as global coffee consumption crept back to within 10 per cent of the peak established in 1977.

The company's vastly increased margins can be seen from the fact that net worldwide sales of coffee fell slightly from $2.14bn to $2.12bn because of lower selling prices.

"Earnings from operations in the worldwide grocery coffee segment reflected the gain in physical volume and a return to more normal operating margins," the company said yesterday.

General Foods' fiscal 1979 earnings were $232.15m or $4.65 a share, compared with $169.5m or $3.40 a share, reflecting the recovery in coffee. Net sales were 1.8 per cent higher at $5.47bn.

Edper-Brascan battle hots up

BY OUR NEW YORK STAFF

THE CANADIAN companies Edper Equities and Brascan Ltd. fought for supremacy in a New York Federal court this week in a battle which could determine the future of Brascan's $1.13bn bid for F. W. Woolworth.

Edper is seeking the lifting of a preliminary restraining order which is preventing it from using its 31 per cent stake in Brascan to try to block the Woolworth bid. If it wins, Edper plans to seek a stockholder's meeting aimed at overturning the Brascan management's current policy. At the same, Edper has filed suit in New York seeking an injunction to prevent Brascan going ahead with its tender offer.

At the moment this is delayed pending the outcome of decisions by state regulatory authorities in New York and South Carolina. Hearings in New York last week will be followed by a decision on the adequacy of Brascan's disclosures by the State Attorney General in the first week of June.

The Deputy Securities Commissioner in South Carolina, meanwhile, has issued a preliminary finding that Brascan's offering document is adequate. But he refused to let the offer proceed until Brascan had supplied more information about the financial affairs of Edper, now its principal shareholder. Some observers doubt whether this can be easily obtained since Edper is a private company controlled by Peter and Edgar Bronfman and by the Patino family.

Although a final hearing will be staged in South Carolina in ten days time, the Deputy Securities Commissioner did endorse Brascan's claim that it can repay the $700m of debt lined up for the takeover without selling any Woolworth assets. He also ruled that there had been no apparent transmission of confidential information between the Canadian Imperial Bank of Commerce, Brascan's lender and principal lender to Woolworth, and Brascan's management.

Winnebago Industries shut-down

BY OUR NEW YORK STAFF

WINNEBAGO INDUSTRIES, one of the leading manufacturers in the U.S. of recreational vehicles and motor homes, is shutting down production for six weeks in the sharpest reflection yet of consumer rejection of petrol-hungry vehicles.

Rising petrol prices allied to headline-grabbing shortages helped cut recreational vehicle sales by 14 per cent in the first quarter while at the same time the small car share of the passenger car market has leaped from 45 to 50 per cent. The pinch on recreational vehicle sales is becoming comparable to 1974, when the dozen leading manufacturers suffered aggregate losses of more than $36m.

The typical motor home is equipped with a 40-gallon petrol tank and returns about 6 miles to the gallon. They range in size from a modest 12 feet to a commodious 35 feet and in price from $4,500 to custom-built versions of $200,000. Total first quarter sales fell from 122,000 to 105,000 with the most serious slump coming in March, when unit sales dropped from 54,000 to 40,000.

This was reflected in earnings reports from such companies as Coachman Industries, whose net income in the March quarter dropped from $1.6m to $233,058. The drop in sales of recreational vehicles also helped increase Chrysler Corporation's first quarter losses because it is the principal supplier of chassis to the industry.

Winnebago's shutdown comes shortly after a cut in production of 14 per cent and indefinite lay-offs for about 6 per cent of its workforce at plants in Forest City, Iowa, and Riverside, California.

HONGKONG BID FOR MARINE MIDLAND

Lodged in a thicket of politics

BY STEWART FLEMING IN NEW YORK

Hongkong and Shanghai Banking plans to take control of Marine Midland Banks has sparked off political controversy in New York. Whatever the outcome it appears that future foreign bank takeover moves will face a tougher climate

A YEAR after the Hong Kong and Shanghai Banking Corporation (HSBC) announced plans to spend $260m buying control of Marine Midland Banks, the deal has become lodged in the thicket of New York State politics.

Last week, it emerged that Miss Muriel Siebert, the New York State Banking Superintendent, might block the deal. Hints were dropped in Albany, the State capital, that she might lose her job if she did.

And on Tuesday, the New York State Governor, Mr. Hugh Carey, in his first public statement on the deal, confirmed suspicions that he is anxious to see it approved.

Earlier, a bill was introduced into the New York State Legislature which would prevent further acquisition of New York State banks with assets of more than $2bn by foreign banks.

This legislation is not expected to be passed before the legislative session ends. But the growing support for Miss Siebert indicates that when it comes to a political dogfight, she is not a lady to be taken lightly.

It is not yet clear whether a mood of jingoism is gripping New York, which could spell trouble for other foreign investors, as Mr. Edward Duffy, the Marine Midland chairman has alleged.

Marine Midland is the seventh largest bank in New York. With assets of some $12bn it is the largest bank in upstate New York and plays a vital financing role in cities like Buffalo and Rochester.

The idea of its acquisition by a foreign bank is rather like a leading Japanese bank taking control of the Midland Bank, seen through the eyes of the industrialists of Birmingham.

The initial announcement did not ruffle the waters—reflecting the parochialism of these communities and the widespread feeling that Marine Midland's financial problems were so severe that almost any partner was better than none. Those involved also did not wish to see the issues debated in public.

An extra $200m of new capital from HSBC and the fact that under banking laws a U.S. bank could not help, lent a certain inevitability to the foreign takeover.

What is more puzzling is why Marine's management was anxious to embrace this transaction rather than the other approaches it had from abroad, given the character of the two institutions.

"Inscrutable" could have been invented to describe the Hongkong Bank, whose reputation for obsessive secrecy and a sort of colonial hauteur is reflected in the limited public information it gives its shareholders.

A senior official in a Washington banking agency said: "It is an open question which is bigger, the Hongkong Bank or the Hong Kong Government."

The HSBC for example does not disclose its true profits or details of its businesses, which makes it impossible for outsiders to judge the ability of the management or the commercial risks it is taking.

Other factors have also complicated the regulatory approval process. For instance, HSBC is not regulated by, nor does it have standing behind it, as lender of last resort, a major central bank. The Bank of England specifically denies responsibility for it.

A key element in the Federal Reserve Board's approval of the deal in March was surely the Fed's conditions of approval, one of which was that the Hong Kong bank agree to submit in future financial information on its operations.

The Fed argues that this is not an attempt to extend its regulatory power outside the U.S., but that it needs the power to fulfil properly and adequately its brief in regulating Marine Midland.

Given the ease with which banks can transfer funds around the world and the delicate decisions ahead about splitting up profits on deals in which both banks are involved, the Fed's case is irrefutable. Nevertheless it does mean that the Fed will be operating abroad and on a foreign institution.

How this would stand up in court, particularly if the Hong Kong Government passed laws forbidding such intervention, is an interesting question. The Fed does, however, have power to put a protective cordon around Marine Midland's assets so it is easy to see why HSBC was willing to accept this condition.

The row over the deal needs to be seen in this context. Miss Siebert is thought to have warned HSBC that she may use her powers to block the deal although it is also thought that she might approve it if certain conditions are accepted.

It is not known publicly what these are. Nor is it known whether or not she has the same power as the Fed to see the HSBC books, nor indeed if she wants that power.

It has long been evident that while foreign branches and agencies are welcomed, takeovers of New York banks are a different matter. It is not surprising that State banking authorities, with their local political constituencies, should be more sensitive to this than the central bank, especially when foreign banks have carved out such a strong competitive position. About 50 per cent of the commercial loans booked at large New York banks are recorded at foreign banks.

Even before the HSBC-Marine Midland deal blew up, there were signs of some consternation at the foreign banking invasion. It is hard not to believe that the climate for foreign bank takeovers in the State will be much cooler, whichever way Miss Siebert finally decides.

Lockheed sees downturn in second quarter profit

LOS ANGELES — Lockheed expects that second quarter earnings from operations will be below last year's $16.5m or $1.33 a share, fully diluted, according to Mr. Roy A. Anderson, the chairman. But steady progress is anticipated for the year.

Last year's second quarter operating income included an after-tax gain of about $8m from licence fees from Japan for the production of P-3 Orion aircraft. Net income, after extraordinary charges, was $1.18 a share, fully diluted.

Lockheed earned $3.20 a share fully diluted from operations in 1978. Net income was $3.31 a share fully diluted. Analysts are estimating this year's operating net between $3.30 and $3.50 a share, fully diluted.

Mr. Anderson said that going into the 1980s, Lockheeds net income will improve. The L-1011 Tristar programme would break even around 1981 or 1982. From 1985 to 1987 the programme would return a profit that would cover unamortised costs.

Earlier, Mr. Anderson had told shareholders that it was not yet prudent for the company to resume the payment of dividends on the common stock.

Lockheed's last common stock dividend was 30 cents a share paid in December 1969.

He said management will continue to study the matter and "as soon as we see our way clear to pay steady dividends, then we'll resume them."

Lockheed plans capital spending this year almost double 1978's $60m.

Reuter

Quiet day for Eurobond markets

BY FRANCIS GHILES

ALL MAJOR sectors of the Eurobond markets were quiet yesterday with some small retail buying in the dollar sector.

In the Deutsche-Mark sector, the price of seasoned issues held steady with trading volume thin. The climate remains depressed in the domestic bond market where the Bundesbank bought DM6.3m worth of paper yesterday and DM24.3m the day before. Sentiment has not been improved by the latest Schuldscheine notes offering. Ten-year Schuldscheiners offer a yield of 7.95 per cent while the market was widely anticipating a level of 8 per cent.

Figures released yesterday by the Bundesbank show that West German purchases of foreign DM denominated bonds fell to DM1.9bn last year from the previous year's DM 2.6bn. Preliminary statistics in the bank's monthly report show that the total DM 10.3bn net sales of bonds last year, was unchanged from the level reached in 1977.

German domestic credit institutes bought DM1.3bn worth of such bonds last year as against DM1.2bn the year before while sales to individuals fell by half to DM400m. Investment funds purchased an unchanged DM300m. Foreign purchases largely made up the difference as the strong desire to invest in hard currency paper, regardless of the lower coupons obtainable if compared to what was available in other sectors of the bond market prevailed.

The issue price for Nippon Shinpan Company's 8m shares of common stock in the form of European Depository Receipts has been fixed at $2.86 a share. This represents a discount of 5.3 per cent on the closing price of the company's stock in Tokyo last Tuesday. The EDRs will be issued by Citibank as depository in the initial denomination of 1,000 shares each. Estimated net proceeds will amount to approximately $21.3m.

Fuqua wants to buy Hoover

By Stewart Fleming in New York

FUQUA INDUSTRIES, a conglomerate with interests in trucking, sporting goods and garden equipment, has told Hoover, the household appliance group, that it wants to make a a $240m bid for control of the company.

Hoover, whose name has become synonymous with the vacuum cleaner, disclosed today that Fuqua has written to the family shareholders in the company, who control 40 per cent of its 13.2m shares, offering to make a $16 a share offer for their stock.

The offer will only proceed, however, if at least 3m shares are tendered.

In that event, Fuqua has said it expects to make an offer to public shareholders worth an equivalent amount.

At this stage, the proposal seems highly tentative. Hoover said that based on discussions it has had recently with "many members of the Hoover family," the company does not know of any family members who intend to accept the Fuqua offer. It also pointed out that it has the right of first refusal on any of its shares offered for sale to Fuqua by a group of Hoover family members who own a total of about 1m shares.

Rhone-Poulenc bids for Anken

By Sue Cameron, Chemicals Correspondent

RHONE-POULENC, the French chemicals group, has made a $25m offer for the U.S.-based Anken Industries, a producer of graphic arts films and computer microfilms. The bid comes just three months after Rhone-Poulenc's unsuccessful attempt to acquire Polychrome, another U.S. company in the graphics field.

Rhone-Poulenc Incorporated, the French group's U.S. subsidiary, has offered around $21 a share for the 1.2m Anken shares outstanding. It is understood Anken directors are recommending acceptance of the offer to their shareholders.

Last year Anken, which has four plants in the U.S., made net profits of $2m on sales worth about $32m. During the last three years the company's sales have been growing at the rate of roughly 20 per cent a year.

Rhone-Poulenc said yesterday that the acquisition of Anken would enable it to develop its films business in the U.S. It added that its production facilities were complementary to those of Anken, particularly in the microfilms area.

It is understood that Rhone-Poulenc does not see Anken as a direct substitute for Polychrome. Although both companies operate in the graphics field, Polychrome specialises in the production of printing inks and printing plates rather than films.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco O/S Cap. 10¼ 87	40	97	97½	0	−0¼	10.78
Bayer Int. F. XW 7¼ 89	200	83¾	83⅞	+0⅛	+0⅛	9.95
CECA 9¾ 84-99	50	95⅜	95⅝	−0⅛	−0⅛	9.90
Canada 9 83	400	97¾	98⅛	0	+0⅛	9.83
Canada 9½ 98	350	95⅝	96⅛	−0⅛	+0⅞	9.96
Comalco Inv. E. 10¼ 91	40	98⅜	98⅞	0	−0⅛	10.48
Dow Chem. O/S 9¾ 94	200	97⅛	97⅝	0	+0⅛	9.94
EIB 9¾ 98	125	92⅜	92⅞	0	−0⅛	10.24
EIB 9⅞ 86	150	98¼	98⅞	0	−0⅛	10.15
EIB 9⅞ 99	100	98¼	98¾	−0⅛	−0⅛	10.30
Export Dv. Cpn. 9.85 84	150	100	100¼	−0⅛	0	10.05
Export Dv. Cpn. 9¼ 84	100	97	97½	0	+0⅛	9.98
Eksportfinans 9 86	50	95¾	96¼	0	+0⅛	9.77
Finland 9½ 86	100	97	97½	+0⅛	+0⅛	10.06
GTE Fin. 9½ 84	50	97⅞	98⅜	0	+0⅛	9.88
Gould Int. Fin. 9¾ 85	50	98⅞	99¼	0	−0⅛	9.94
Hospital O/S 9 83	25	96⅝	97⅛	0	−0⅛	9.86
Hudson Bay Co. 10 94	50	99⅞	100⅜	0	+0⅛	9.97
Irel Finance 9⅜ 90	30	92½	93	0	−0⅛	10.87
Ital Finance 10¼ 93	40	96⅛	96⅝	−0⅛	0	11.02
ITT Antilles 9½ 89	75	96⅛	96⅝	0	−0⅛	10.05
J. C. Penney 8½ 83	100	95¾	96¼	0	+0⅛	9.72
Manitoba 9½ 89	75	97⅛	97⅝	+0⅛	+0⅛	9.92
New Brunswick 9¾ 94	75	97⅛	97⅝	+0⅛	+0⅛	10.05
Newfoundland 10 94	50	99⅝	100	−0⅛	+0⅛	10.02
Norsk Hydro 9¾ 94	50	94¾	95¼	0	0	9.90
Norway 9¾ 94	150	100	100½	0	+0⅛	9.91
Nova Scotia Pwr. 9¾ 89	50	97⅜	97⅞	+0⅛	+0⅛	10.18
Portland 10 84	50	97⅜	97⅞	+0⅛	0	10.64
Quebec Hydro 10 99	75	95⅛	95⅝	−0⅛	−0⅛	10.53
Redland Fin. XW 9½ 91	25	92⅛	92⅝	+0⅛	−0⅛	10.61
Sears Roebuck 9 82	150	97⅝	98⅛	−0⅛	0	9.83
Stockholm 9¾ 94	60	98½	99	−0⅛	−0⅛	10.15
Sweden 9¾ 89	100	98¾	99¼	+0⅛	+0⅛	10.01
Sweden 9½ 86	200	98⅛	98⅝	−0⅛	0	10.07
UK 8⅞ 93	150	93⅞	94⅜	−0⅛	−0⅛	9.88

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	88⅛	89⅛	−0⅛	−1	7.43
Argentina 6½ 88	150	91⅞	92⅛	−0½	−0⅛	7.75
Australia 6 88	250	90⅜	91⅛	−0⅛	−0⅛	7.36
Austria 5½ 90	150	86⅜	87⅛	+0⅛	+1½	7.51
Banco Desarrollo 7½ 86	100	94⅜	95⅛	−0⅛	+0⅛	8.18
Bankamerica 5¾ 90	150	*92⅛	92⅝	+3¼	+3½	6.70
Barclays O'seas 6¾ 89	100	95⅛	96	−0½	−0⅛	7.38
Bq. Ext. Algeria 7¾ 85	100	95⅜	96⅛	+0⅛	0	8.05
Brazil 7½ 87	150	94¾	95⅛	−0⅛	−0⅛	8.12
CECA 6 88	*150	88⅞	89⅜	−0⅛	−0⅛	7.67
CECA 7 91	150	95⅛	95⅞	−0⅛	−0½	7.67
Copenhagen City 6 90	75	87⅝	88⅛	0	−0⅛	7.60
Council of Europe 6¼ ...	130	91¾	92⅛	0	+0⅛	7.45
Denmark 5¾ 85	100	91¾	92½	−0⅛	−1⅛	7.49
Denmark 6½ 89	100	93⅞	94⅜	−0⅛	−0⅛	7.40
EIB 6 90	300	86⅜	87⅛	+0⅛	+0⅛	7.79
EIB 6½ 91	200	90⅞	91⅛	−0⅛	−0⅛	7.66
Eletrobras-Brasil 7 87	100	93⅛	94⅛	+0⅛	0	8.11
Eurofima 6½ 89	100	95⅛	96⅛	+0½	+0⅛	7.11
Finland 6 83	150	96½	97¼	0	+0½	6.81
Hitachi Shp. 5¾ 83	50	93½	94½	−0½	−0⅛	7.33
Indonesia 7 94	100	95¼	95¾	+0⅛	+0½	8.05
Megal Fin. 7 89	150	97	97½	−0⅛	+0⅛	7.38
Mitsubishi Chem. 6¼ 84	70	97⅛	98⅛	−0⅛	−0⅛	7.05
New Zealand 6¼ 87	200	94⅞	95¼	−0⅛	−0⅛	7.16
Nippon Koken 6½ 84	100	97⅞	98½	+0⅛	+0⅛	7.06
Nippon Steel 5¾ 85	100	94⅞	94⅞	−0⅛	+0⅛	6.85
Nippon Tel. & T. 5½ 87	100	87⅛	89	+0⅛	+0⅛	7.88
Nordic Inv. Bk. 6⅜ 86	60	94⅞	95⅛	−0⅛	−0⅛	7.22
Norges Komm. 6¼ 89	150	92	92½	+0⅛	+0⅛	7.38
Norway 6¼ 84	200	98⅞	99⅞	−0⅛	0	6.37
Occidental 6¾ 90	150	92⅞	93⅜	−0⅛	−1⅛	7.68
OKB 6½ 88	100	96½	97⅛	−0⅛	−0⅛	6.95
OKS 5 87	40	94	94¾	−0⅛	−0⅛	6.96
Statoil 6 88	150	90½	91⅛	+0⅛	+0⅛	7.38
Statoil 6½ 89	150	†96	96½	0	+0⅛	7.04
Tokyo Elec. Pwr. 6½ 85	200	96⅛	96⅞	+0⅛	+0⅛	7.38
UOS Group 5¾ 83	65	94⅞	95	0	+0⅛	7.24
Union Bank-Finn 6½ 88	50	91½	92⅛	−0⅛	−0⅛	7.72
Venezuela 6½ 90	150	88⅞	88⅞	−0⅛	−0⅛	8.07
World Bank 6¼ 88	400	90¾	91½	−0⅛	−0⅛	7.58

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 6¾ 88	40	103	103½	−0⅛	−0⅛	4.82
Amer. Exp. Int. 3½ 93	40	94½	94¾	+0⅛	+1½	3.99
Asian Dev. Bank 3½ 94	100	87½	87¾	+0⅛	+1⅛	4.68
Austria 3½ 93	100	89	89½	−0⅛	+1½	4.52
Australia 3¾ 89	250	94¾	95	−0⅛	+0⅛	4.27
Brazil 4¾ 89	100	97	97¼	−0⅛	−0⅛	4.63
Canada 3¾ 89	300	94⅞	95	0	+0⅛	4.27
Chase Manhattan 4 93	70	99¾	100	+0⅛	+1⅛	4.01
Council of Europe 4¼ ...	100	97⅛	97½	0	+0⅛	4.56
Sankamerica 3¾ 93	80	95⅛	95¾	−0⅛	+1⅛	4.17
BNDE 5 88	75	101⅛	101⅜	+0⅛	+0⅛	4.79
Denmark 4½ 90	100	100¾	101	−0⅛	+0⅛	4.40
Euratom 4½ 93	80	†94	94⅛	+0⅛	+1	4.83
F. L. Smidth 4½ 89	25	98⅛	98⅞	0	+0⅛	4.65
Finland 4½ 93	80	98½	98¾	−0⅛	0	4.63
Horon 4¾ 89	35	95½	95¾	−0⅛	+1⅛	4.82
ICI Fin. NV 3½ 94	230	†90	90½	−0⅛	+2¼	4.42
Malaysia 4½ 90	80	85½	95¾	−0⅛	−0⅛	5.26
New Zealand 3½ 94	120	90½	91	+0⅛	+2⅛	4.35
Pirand Osl. Lande 4 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 5.6 83	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 83	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 8 84 SDR	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Br. Col. 10¼ 88 C$	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex. Dev. Cpn. 10 84 C$	50	98⅞	99⅜	0	+0⅛	10.23
Fst. Can. Inv. 10 84 C$	50	98	98½	0	+0⅛	10.47
Hudson Bay 10½ 89 C$	60	99⅝	100⅛	0	0	10.51
Quebec 10¼ 86 C$	50	98¼	98¾	0	0	10.53
R. Bk. Canada 10 86 C$	40	98¼	98¾	+0⅛	−0¼	10.31
R. Bk. Canada 10 94 C$	40	96	96½	−0⅛	−0⅞	10.51
Komm. Inst. 7¾ 93 EUA	15	95¾	97⅛	0	−0⅛	7.82
Panama 8¾ 93 EUA	20	95½	97	0	−1	8.71
SOFTE 8¾ 89 EUA	40	97½	98⅛	0	+0¼	8.61
Algemene Bk. 6½ 83 Fl	75	95	95½	−0⅛	−0⅛	7.64
CFE Mexico 7½ 83 Fl	75	96⅝	97⅛	−0⅛	−0⅛	8.61
EIB 7¼ 85 Fl	75	93⅝	94⅛	−0⅛	−0⅛	8.49
Ned. Middbk. 8¼ 84 Fl	75	100⅛	100⅝	−0⅛	−0⅛	8.11
New Zealand 6¾ 84 Fl	75	93⅝	94⅛	−0⅛	−0⅛	8.29
Norway 8¼ 84 Fl	100	99⅞	100⅜	−0⅛	−1⅛	8.24
Elf Aquitaine 9⅞ 88 FFr	150	98⅛	98⅝	0	−0⅛	10.00
EIB 9¾ 88 FFr	200	98	98½	−0⅛	−0⅛	10.03
Norway 9⅞ 84 FFr	200	98⅛	98⅝	−0⅛	−0⅛	8.64
PSA Peugeot 9¾ 87 FFr	175	98⅛	98⅝	+0⅛	−0⅛	10.00
Saint-Gobain 9¾ 86 FFr	130	98	98¾	0	−0⅛	10.08
Solvay et Cie 9¾ 87 FFr	125	98	98¾	−0⅛	−0⅞	10.05
Total Oil 9½ 87 FFr	150	96	96½	−0⅛	−0⅛	10.05
Unilever 10 85 FFr	100	100⅜	101⅛	+0⅛	−0⅛	9.81
CECA 9¾ 89 £	20	91½	92¼	+0⅛	−0⅛	11.01
Citicorp 10 93 £	20	90⅛	91	0	−0⅛	11.36
EIB 9¾ 88 £	25	93	93¾	0	−1⅛	10.95
Finance For Ind. 13 91 £	15	103	103½	+0⅛	−1⅛	12.44
Gen. Elec. Co. 12½ 89 £	50	101½	101¾	+0⅛	−1	12.23
Eurofima 8 87 LuxFr	500	99	100	−0⅛	−0½	8.08
Norway 7¾ 83 LuxFr	250	96½	97¼	−0⅛	−0½	8.89
Norges Km. 8 86 LuxFr	500	98¾	99¾	−0⅛	−0⅛	8.19
Oslo, City of 8 89 LuxFr	500	97⅜	98⅛	0	−0⅛	8.28
Solvay Fin. 8 85 LuxFr	500	†98¾	99¾	−0⅛	−0⅛	8.14
Swedish Ik. 8 88 LuxFr	500	†98½	99½	−0⅛	−0⅛	8.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6 S 83	0¾	96⅜	97⅛	31/7	11.44	11.79
BFG Fin. Co. M5.5 89	0¾	98¾	99½	12/7	12.4	12.51
Banco di Roma M6 87	0⅞	98⅞	98¾	26/10	11.19	11.36
Bco. El Salvador M8 83	1¼	95½	96	12/10	12⅛	12.79
Bco. Nac. Argnt. 7 88	0¾	97⅞	98⅛	22/5	11⅞	11.73
Banco Urquijo 6 86	0¾	97½	98	21/9	11½	11.72
Bank of Tokyo M5⅞ 93	0¼	98⅞	98¾	18/10	11¾	11.93
Bq. E. d'Alg. M8.375 84	0¾	97¾	98	9/8	11⅞	12.16
Bq. Ext. d'Alg. M7.5 85	0⅞	95	95¾	2/11	11⅞	12.45
Bq. Indo et Suez M5½	0¼	99½	100	25/7	12	12.03
Bq. I. Al. Occ. M6.5 83	0¼	98½	98⅞	12/7	12.4	12.59
BNP 5½ 91	0¼	98⅞	98⅞	22/2	11⅛	11.56
Ch. Man. O/S M5¾ 93	0¼	98⅞	99⅜	27/7	11.73	11.83
Citicorp O/S Fin. 8 94	0¼	99¾	100⅛	8/8	11.06	11.08
Gotabanken M6 88	0¾	98⅝	98⅞	15/5	11½	11.69
Ind. Bk. Japan M5½ 85	0⅞	99½	100	1/8	12.35	12.38
LTCB Japan M5½ 85	0⅞	99¾	99⅞	8/10	11⅝	11.70
Midland Intl. M5¼ 93	0¼	99	99½	20/7	12⅛	12.34
Nipp. Crdt. Bk. M5.5 85	0¼	99½	100¼	22/6	12.81	12.83
OKB M5¼ 88	0¼	99¾	99⅞	18/10	11.44	11.48
Offshore Mining 86	0¼	99⅞	99⅞	19/7	12.19	12.26
Petro Mexicano 7½ 84	0¾	89	89½	24/7	12.06	12.15
Privredna Banka M8 86	0⅞	95⅞	96⅛	22/6	13.44	13.98
Standard Chrt. M5.5 90	0⅞	98¾	98¾	10/8	11.56	11.75
Sundsvallsbnkn. M6 85	0⅞	97⅞	98⅛	4/10	11.06	11.29
Texas Int. Air M7 86	0¾	†87½	88	11/10	11⅛	11.51
Urd. Overs's Bk. M6 89	0¼	97⅞	98⅛	29/8	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	114¼	116	+0⅛	0.89
Boots 6¾ 83	2/79	2.16	106¼	107½	+0⅛	−3.96
Ciba-Geigy D/S F. 4 94	9/79	675	93⅞	94⅞	−0⅛	−17.04
Coca-Cola Bottling 6¾	4/79	8	91	92¼	0	26.37
Essolte 7¾ 89	9/79	159	96⅛	97⅛	+0⅛	8.95
Honda Motor 5½ 89	5/79	532	100¼	101¼	+0⅛	1.25
Ito-Yokado 5¾ 83	5/78	1339	112½	113½	−0⅛	4.93
Novo Industri 7 89	4/79	259	87¾	89½	+0⅛	12.38
Texas Int. Air. 7½ 93	4/79	14.6	89¾	90½	0	19.78
Thorn Int. Fin 7 88	11/78	3.67	137⅜	138⅛	+0⅛	−2.68
Asahi Optical 3¼ DM	12/78	588	88	88	−0⅛	4.54
Casio Co. 3½ 85 DM	11/78	841	88½	89⅝	+0⅛	14.12
Fujitsu 5 84 DM	7/79	475	102	103	+0⅛	14.22
Izumiya 3¼ 86 DM	10/78	889	89¾	90⅝	+0⅛	−6.37
Josco 3½ 86 DM	1/79	1154	83	84	−0⅛	22.44
Kansai Elec. 4 84 DM	4/79	1350	87⅛	88⅛	−0⅛	23.08
Konishiroku 3½ 85 DM	1/79	612	88⅞	89⅛	−0⅛	14.26
Marudai Food 3½ DM	2/79	1033	83⅞	84⅝	−0⅛	28.50
Murata M. 3½ 86 DM	11/78	854	93½	94½	−0⅛	5.09
Nipp. Air. 3.5 88 DM	12/78	508	81⅛	82⅝	−1⅛	7.13
Nippon Ysn. 3½ 85 DM	1/79	251	114⅛	115⅛	0	−1.04
Nissan Diesl. 3½ 86 DM	2/79	477	90⅛	91⅛	+0⅛	7.54
Olymp. Opt. 3½ 85 DM	2/79	703	98½	98½	−0⅛	−1.37
Ricoh 3½ 86 DM	10/78	617	89⅞	90⅛	−0⅛	8.89
Sharp Cpn. 3½ 88 DM	2/79	487	93½	94⅛	−0⅛	9.64
Stanley Elec. 3½ DM	11/78	623	84½	85½	+0⅛	26.82
Tokyo Elec. 3¾ 87 DM	4/79	475	91⅞	92⅞	0	18.10
Tokyo Ld. Co. 4 86 DM	4/79	493	88	89	+0⅛	8.81
Trio-Knwd. 3½ 86 DM	11/78	711	85	86	0	14.07

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CdF-Chimie in paint deal with Nobel-Bozel

By Terry Dodsworth in Paris

HEAVY LOSSES in the French paint manufacturing industry have led to a wide-ranging re-organisation affecting two of the country's main chemical companies, CdF-Chimie and Nobel-Bozel.

The main result of the re-structuring has been the sale of Duco, a subsidiary of Nobel-Bozel in which ICI of the UK also has a 16 per cent stake, to Ripolin, a CdF-Chimie owned enterprise.

No figure has been given for the deal, but Duco has been sold as a profitable concern following drastic action to reduce its losses in 1977. It is forecast to make profits of about FFr 8.5m ($1.9m) this year.

Ripolin has also been making losses recently, but is expected to emerge from the takeover as the largest paint producer in France with a turnover of a little more than FFr 1bn. Its own paints are mainly directed towards the consumer sector, but it is clearly aiming to establish a wider spread across the market by the acquisition of Duco, a specialist in motor and building industry paints.

Nobel-Bozel's sale of Duco is part of a reconstruction plan which has led to a FFr 71m capital raising exercise to which the banks have added FFr 228m.

Action to stem the losses in Isorel, its main trouble area, helped Nobel-Bozel to reduce losses last year to FFr 101.9m compared with FFr 233.3m in the previous year. But Isorel was still heavily in the red, with losses amounting to FFr 104m.

CdF-Chimie, a subsidiary of the nationalised French coal industry, has also stated that its losses for 1978 will be less than forecast. It now calculates that group losses will be FFr 250m rather than the FFr 400m previously indicated.

RENAULT'S LINKS WITH MACK TRUCKS

A transatlantic marriage of convenience

BY MARTIN TAYLOR

THE PRODUCTION and financial links entered into this year by Renault and the U.S. commercial vehicle maker, Mack Trucks, are a marriage of convenience in the very broadest sense.

The deal gives Mack, a subsidiary of Signal Companies, access to a model range that would take it years to develop for itself and allows RVI, the heavy vehicle division of Renault, with its embarrassing excess production capacity, to enter the North American truck market.

Mack, number two in the U.S. heavy truck market, found itself unprepared for the increasing demand for diesel-engined vehicles in the class 6 and 7 range (9 to 15 tonnes). According to RVI chairman, M. Francois Zannotti, Mack found that importers—Mitsubishi on one coast and Mercedes on the other—were invading its dealerships, and knew that it would take five year to introduce its own medium-sized models.

Renault, on the other hand, had a model range ready and plenty of plant to build trucks on. Despite 4,000 recent redundancies, RVI could still turn out an extra 12,000 trucks a year—mostly at its Blainville factory near Caen—without new investment.

So it seemed to make sense for Renault to supply the trucks, which will be refitted with some local parts when they have crossed the Atlantic. Despite the fall in the dollar, it is still cheaper to build these vehicles in France than in the U.S., and a good deal cheaper than in Germany. To cement the deal, Renault has taken a 20 per cent stake in Mack, which was formerly a wholly-owned subsidiary of Signal, for $115m, a price it does not consider excessive for a company that doubled profits to $67m last year.

M. Zannotti remarked at a press conference in Paris that the share stake in Mack had been taken because co-operative agreements tend to come apart without the reinforcement of structural links. This does not say very much for Renault Cars' long-gestated distribution understanding with American Motors, which is entirely unfettered by structural ties.

For Renault trucks, the Mack agreement is just one strand in the company's attempt to drag itself back into profitability. RVI, increasingly loss-making for several years, is far more like British stereotypes of a nationalised vehicle company than its successful parent.

It is the product of the merger between the old Renault truck and bus division, SAVIEM, and the Lyon-based company Automobiles M. Berliet, which continued as individual model names in competition with each other for some time—a strategy that probably exacerbated their difficulties.

After 1973, it became clear that both SAVIEM and Berliet had over-invested in new plant in the early 1970s, but the newly-formed group was not quick to rationalise. However much Renault may behave like a private-sector company, it is expected by the French Government to build new factories in depressed areas, and not to close existing ones down.

So the truck divisions bore increasingly heavy losses, on the assumption that the truck market in France, like the market for cars, would eventually resume its former growth. This has not happened, and the losses have become impossible to ignore: FFr 250m for RVI in 1977 and nearly FFr 400m ($91m) last year.

RVI has now begun to move—rather late, but none the less actively for that. Along with a new, unified Board structure it has brought in a new heavy truck range and, not before time, the ageing light trucks that are distributed through both truck and car outlets in France will be replaced by new models in spring 1980. M. Zannotti claims that a number of French companies are holding off replacing their van fleet until then.

The Mack agreement is not expected to bear fruit rapidly—the partners are only looking for sales of 1,000 Renault trucks in the U.S. at first (the class 6 and 7 market is around 200,000 per annum), rising to 10,000 by 1983—but it should bring increasing benefits. The 4,000 reduction in the workforce in France will lower the company's costs in 1980, when the severance payments run out.

Spanish telephone group increases earnings

BY ROBERT GRAHAM IN MADRID

TELEFONICA, the national telephone monopoly jointly owned by the state and private enterprise, increased profits by 17 per cent in 1978 to Pts 18.6bn ($282m) enabling the company to pay a 10 per cent dividend. However, this increase was virtually in line with the annual increase in inflation and for the coming year there has been talk of a need to raise telephone charges to retain profit levels.

During the year Telefonica's turnover increased 28 per cent to Pts 115bn ($1.7bn). Meanwhile, the company raised fixed investment 20 per cent to Pts 81bn ($1.2bn), managing to show an impressive real growth.

However, the uncertain state of the economy and the problems of a large company like Telefonica raising investment finance has put constraints on plans for the current year.

At the company's annual meeting it was revealed that planned 1979 investment had been pruned from Pts 105bn to Pts 95bn, of which Pts 10bn will come from external borrowing. The main problem here has been the depressed state of the Spanish bourses. Telefonica has traditionally raised the bulk of its funds through capital increases and Telefonica shares account for some 20 per cent of the total share volume.

Joint venture for Credit Suisse

By John Evans

THE MAJOR Swiss bank, Credit Suisse, and Middle East Associates, an Arab investment banking company, are establishing a joint venture aimed at developing forfait-type trade financing in the Middle East.

The 50/50 venture, Finanz AG Middle East Associates, will be based in London. The direct Swiss partner is Finanz AG.

A Finanz AG spokesman said that the venture will also concentrate on assisting European and U.S. exporters in their sales to the area

Sharp profit gains by Norwegian insurer

BY FAY GJESTER IN OSLO

NORWAY'S largest insurance group, Storebrand, reports a sharp increase in profits for 1978 with earnings after tax moving up from NKr 4.7m to NKr 14.2m.

The result was achieved despite losses by the ship-owning subsidiary and Storebrand's contribution (NKr 15m) to the rescue last autumn of Norinvest, a finance company backed by a number of Norway's leading banks and insurance companies.

A dividend of NKr 10 per share is proposed.

Gross premium income rose to NKr 2.1bn from NKr 1.9bn in 1977. Premiums for own account totalled NKr 1.4bn, against NKr 1.2bn, while net financial income rose to NKr 82m, from NKr 52m.

Profitable sectors last year were motor and industrial fire insurance, and foreign re-insurance.

Storebrand's ship and rig-owning subsidiary, A/S Custos, made a loss of NKr 27.9m last year.

Italian Honeywell advance

MILAN — Honeywell Information Systems Italia tripled its profit in 1978 because of continued strong growth in the Italian domestic computer market. The company, a subsidiary of Honeywell Inc. of the U.S., reported profit of L6.471bn compared with L2.047bn in 1977.

Revenue was L190.3bn ($223m) in 1978, up 15.3 per cent from L165.0bn. Italian revenue rose 21 per cent to L135bn while exports climbed 4 per cent to L55bn.

The Italian market for bank computer systems showed a particularly large expansion, as revenue climbed 30 per cent. In contrast, the growth rate for industrial systems dropped to 12.7 per cent.
AP-DJ.

Elf seeks early gas move

BY FAY GJESTER

ELF AQUITAINE is to ask its partners on a marginal Norwegian gas field, North East Frigg, to agree to early development of the field, according to Oslo newspapers.

The French company will propose that the field be developed using new subsea completion techniques which it has tested on its Grondin oil field off the coast of Gabon, West Africa. It believes production could start within three years, if a decision to develop is taken soon.

North East Frigg, which lies within the Norwegian part of the North Sea, is a satellite of the larger Frigg gas field, which straddles the Anglo-Norwegian sector boundary. Gas from it could be processed at the nearby Frigg field and then sent ashore through the Frigg/St. Fergus pipeline. Both the main field and the pipeline have enough spare capacity to handle North East Frigg gas.

Norway's authorities favour early development of the Frigg satellites, which also include East Frigg, South East Frigg and Odin.

One reason for this is the fear that gas from these wholly Norwegian fields may seep into the main Frigg structure, if their development is too long delayed.

Britain owns 40 per cent of the Frigg field gas.

● The Danish Government, which in recent years has floated domestic bonds of up to eight years, will tomorrow issue 12-year bonds on tap in parallel 8 per cent and 10 per cent series, according to Finance Ministry sources.

SPANISH SAVINGS BANKS

A challenge from the Left

BY DAVID GARDNER IN MADRID

THE SPANISH savings banks, or Cajas de Ahorros are facing one of the gravest challenges in their recent history—from a socialist bill that will try and bring them under the control of local government authorities, and from regional autonomists and nationalists who hope that parliamentary approval of their draft statutes of autonomy will bring the Cajas under regional government control.

Since the Cajas control some 35 per cent of all Spanish banking deposits — nearly Ptas 3,000bn ($45.5bn) or just over half the deposits controlled by Spain's "big seven" national banks—and are one of the fastest expanding sectors within the Spanish banking system, the face of Spanish banking would be radically changed by these measures. The Cajas grew by 20.64 per cent last year, against 18.88 per cent for the commercial banks.

The last major reform in the savings bank system came into effect in August 1977. Until then, only 31 per cent of savings bank deposits were available for investment inside a Caja's specific region with state-directed lending soaking up 69 per cent of available funds. Today the former percentage is 38 per cent, and improving by 0.1 per cent each month.

The August 1977 reform also envisaged the semi-democratisation of the Cajas, but this has had only a limited effect on savings bank control partly because existing Board members sit for four years, but also because on several occasions the election of account-holders to replace them has been manipulated.

In the past, the Cajas' heavy commitment to Government-directed investment frequently meant the decapitalisation of poorer regions in favour of the richer ones, since this credit was mostly siphoned into the so-called "privileged circuits" of publicly-owned heavy industry, and semi-publicly-owned monopolies.

Thus industrialised Catalonia, with little large-scale or publicly-owned industry but a high concentration of savings, and Andalucia, with no industry to speak of and whose emigrant workers would see their remittances invested anywhere except in a job inside their own region, both felt justified in complaining.

The 1977 reform was, however, not without its critics.

These criticisms were accentuated by other aspects of the reform package which enabled the Cajas to behave more like commercial banks, for example by dealing in the interbank market and discounting commercial paper.

Spain's savings banks control more than a third of all bank deposits in the country, and in recent years have been one of the fastest growing sectors of the Spanish banking community. Recent political challenges could alter radically the business outlook of the savings banks.

As a result of the reform the direction of Caja lending has shown a slight but marked change. This lending has been traditionally directed towards first home-buyers, small to medium-sized industry, selected areas of agriculture, and the construction industry — above all the public housing programme.

Last year housing absorbed 56.6 per cent of Caja lending, or Pta 746.8bn, against 1977 figures of 57.92 per cent or Pta 626.7bn. Credit to industry in the same period rose from 13.49 to 14.87 per cent, or Pta 146bn to 196.3bn. In absolute terms, both sums have increased in line with inflation and the Cajas' new-found affluence, but in relative terms the decrease in housing's share in overall lending is marked.

This tendency has been accentuated this year, with an estimated Pta 15bn to 20bn being drawn away from the construction industry each month.

The new measures foreseen by the Socialists and the regional autonomists would attempt to halt this trend. In particular the move towards speculative lending in an abnormally lucrative interbank market.

The socialist and autonomist case was reinforced last month by an embezzlement scandal in Barcelona. Some Pta 500m had been siphoned off from bogus savings account books at a national bank branch, which had lured clients with the promise of 23 per cent annual interest. The main entity affected was the Caixa, Spain's largest savings bank and fifth largest financial institution.

From the Caixa's point of view, it was a question of imprudence rather than impropriety, but observers were quick to ask what a savings bank was doing putting its money into such a speculative area anyway.

The socialist measures would allow 50 per cent of Caja board members to be appointed by town or city halls, with the rest of the seats distributed among the trade unions, and cultural and neighbourhood associations.

Some 32 out of Spain's 82 Cajas have already come under substantial control by local authorities following last month's municipal elections. But a series of fusions between private and public Cajas, and the precipitous holding of internal elections just before the municipal elections has to some extent offset this.

However, concern in the Cajas is now twofold. First, the combined left and nationalist forces won control of 28 of Spain's 30 major cities in the municipal elections. Town Hall control would in many instances, therefore, mean control by the left over the Cajas. Secondly, they fear that the Cajas would increasingly become local credit banks under the proposed reforms, obliged increasingly to finance projects with a poor or no return.

The suspicion that the Government might favour aspects of this reform as a way of bailing out insolvent Town Halls and financing regional autonomy has only added to their concern. For the moment they are watching and waiting, and according to reliable sources, will be drafting in high-powered commercial banking talent—including a former governor of the Bank of Spain—to reinforce their position.

BANK OF ADELAIDE MERGER

Aftermath of the property slump

BY JAMES FORTH IN SYDNEY

At least three major Australian trading banks are interested in becoming the merger partner sought by the Reserve Bank—Australia's central bank—for the Bank of Adelaide. The largest of the private trading banks, the Bank of New South Wales, is favoured to fill the role, but the ANZ Banking Group Limited and the National Bank of Australasia are also reportedly negotiating.

Mr. L. R. Clifford, general manager of the Adelaide, said yesterday that the bank board would recommend the highest bid to shareholders "provided it is realistic." The merger and a A$60m (U.S.$66.6m) support operation organised by the Reserve Bank and the other trading banks is needed because of property-induced difficulties which threaten the Adelaide's wholly-owned finance company, Finance Corporation of Australia. The other banks want the Adelaide to make provisions against FAC assets totalling A$58m as part of the resene operation.

This has led to donbts by investors about the valne of any merger pfan proposed by one of the banks. When the plan was announced on Monday the price of Adelaide shares was A$1.41. Yesterday the price slumped as low as 97 cents before rallying slightly to close at A$1.10, which values the Adelaide at only A$35m. The directors of Adelaide said that they expect to make an announcement of the merger early next week.

AUSTRALIA, in common with many other countries experienced a property boom in the early seventies. The boom turned to bust about 1973 and over the years there has been a steady casualty list of property groups and the finance companies which put up the funds. While there were still major compaoies with known large problem-property investments, the worst appeared to be over until early this year when the finance company, associated Securities Ltd (ASL) folded with losses of about A$100m.

ASL was backed by the major diversified industrial group, Ansett Transport Industries, which included a oumber of influential businessmen on its board. Ansett took over from the Royal Bank of Scotland as the major ASL shareholder late in 1976. The collapse un-nerved the market and severely undermined public confidence in the financiers, which rely on raising money from Public investors, against debentures, for the bulk of the funds they lend.

The repercussions of the ASL failure have now apread to the point where they threatened the viability of one of Australia's trading hanks and have forced the Reserve Bank—Australia's central bank—and the other major trading banks to mount a rescue operation in an attempt to retrieve public confidence. It may well have this effect, but it is also likely to increase the difficulties of "non-bank backed" financiers in attracting funds in sufficient quaotity and at competitive borrowiog costs.

This in turn may lead to a round of industry rationalisation, through takeover or merger—which has long been forecast but to date has not materialised. The rescue operation has been orgaoised for the Bank of Adelaide which was uoder a cloud because of problem-property investments by its wholly-owned finance company offshoot, Finance Corporation of Australia. FCA's difficulties had long been koown but it was also almost an article of faith that oo offsboot of an Australian trading bank would be allowed to fall by the wayside.

FCA has an asseta earnings base of almost A$500m (US$555m), of which A$80m is in development land assets. In February, FCA classified A$61.9m of these properly investments as "problem" but did not make any provisions for possible losses. Unlike other financiers with problem property assets, FCA had never made any major provisions against its property investments. Despite the bank-backed status of FCA, the market became nervous after the ASL failure, particularly when it became known that the New South Wales Corporate Affairs Commission had refused to register FCA's latest proposed public debenture prospectus until the company had justified its property valuations. Yields on FCA debentures rose on the sharemarket to 14 per cent and higher compared with long-term interests rates of 10.75 to 11 per cent offered by other hank backed financiers. The investor disquiet was prompted by the fact that not only is the Bank of Adelaide by far the smallest of the major trading banks, but is also much smaller than its offshoot, FCA.

This week, matters came to a head when it was revealed that the other major trading banks had agreed to a large rescue operation for the Adelaide, similar to the "Operation Lifeboat" scheme organised in the UK in 1974 for some secondary banks by the Bank of England and the major banks. The Australia ntrading banks have agreed to make available to the Adelaide Subordinated loans up to A$50m, whicb will initially be drawn to the extent of A$30m. This step was agreed to "in view of the importance of the Bank of Adelaide in the financial system."

Moreover, the Reserve Bank, as part of its role in liquidity support of the banking system, has agreed to provide the Adelaide with a specific liquidity facility, available initially to A$10m. But, the real eye-opener was the news that the Reserve Bank, acting under the Banking Act as the guardian of the banking system, had advised the Adelaide not to provide FCA with any further support, and to seek a merger with another of the trading banks. Discussions have been taking place and an announcement is expected next week, with the largest of the private trading banks, the Bank of New South Wales favoured to swallow the Adelaide, althoug hother banks are also reportedly interested.

The disclosure of the merger proposal made many observers curious as to why such full disclosure was made of the behind-the-scenes negotiations which had been taking place, particularly as they had been conducted in great secrecy and confined to the chief executives of various trading banks. Moreover, it was disclosed that the board of the Bank of Adelaide and FCA, supported by Mr Des Corcoran, the Premier of South Australia, had approached the banks to form a consortium to advance loans to FCA and to pump temporary capital into the financier in the form of partly-paid redeemable preference shares. The South Australian Government was prepared to be in this consortium. But the trading banks refused to give direct support for FCA though they made it clear that they were willing to help the Bank of Adelaide itself. The banks have, however, stipulated that they want FCA to dispose of its development land investment within two to three years.

They also consider that it would be "appropriate" for FCA to make specific provision of A$30m against these assets and to make a further A$28m provision for contingencies. This would have threatened FCA with a breach of its debenture trust deed, without support, and jeopardised the Adelaide itself, thus necessitating the support.

The overall result may well demonstrate that finance companies backed by an Australian trading bank will have the support of the banking system in the last resort. But it stands in stark contrast with the experience over ASL, and demonstrates that there is a wide gulf between the bank-backed and the non-bank backed financiers, even though in many cases the non-bank companies actually have major overseas banks or financial institutions as "big brother" shareholders. The main reason for such backing is to assist the finance company to borrow at the lowest possible cost, but Australian investors have shown a marked tendency to stick with the financiers associated with an Australian trading bank. This trend is likely to strengthen with the latest developments.

Many overseas groups are reluctant to relinquish their position in the industry because it may prove difficult at a later data to seek to re-establish a presence in Australia. However, the industry is over-supplied at present, and the FCA affair may well lead to some acceptance of the inevitable need for rationalisation.

TAA sale to public urged

BY JAMES FORTH IN SYDNEY

A FEDERAL SENATE committee has recommended that the Federal Government consider selling several statutory bodies to private enterprise—including the Government domestic airline, Trans-Australia Airlines (TAA). This was revealed in Federal Parliament by Senator Peter Rae, chairman of the Senate Standing Committee on Finance and Government Operations, the main function of which is to oversee all Commonwealth statutory authorities.

Senator Rae called for the sale of shares in TAA to its employees and the Australian public, but stressed that he was speaking as an individual and not as chairman of the standing committee.

There was no longer a justifiable reason for this kind of commercial enterprise in Australia to be conducted by Government, he said. There was a case for reviewing all statutory authorities to see whether those in the commercial area should be sold to private enterprise. Selling TAA would need to be done in a way which prevented a takeover by competition aimed at closing it down.

The suggestion to sell TAA reportedly has the support of many Government ministers and backbenchers who believe that de-regulation of the Industry will lead to increased competition, improved efficiency and lower air fares. At present a two-airline domestic system is operated by TAA and the Industrial group, Ansett Transport Industries. The airlines operate virtual parallel services.

The Federal Minister for Transport, Mr. Peter Nixon said the TAA proposal had considerable "philsophical apoeal" but that there had been no ioformal discussions between ministers over a possible sala.

Higher profits for ACI

By Our Sydney Correspondent

AUSTRALIAN Consolidated Industries (ACI), the major glass and packaging group, raised its profit almost 30 per cent, from A$22.1m to A$28.5m (U.S.$31.7m), in the year to March 31, and has increased its dividend for the fourth successive year. The improved performance arose from both local and overseas operations.

The directors said that in Australia higher profits were earned by the packaging prodncts gronp, despite the effects of a prolonged brewery strike in Queensland during 1978. The partly owned Pilkington-ACI and Crown Corning Operations also contributed to the improvement.

Earnings of Australian Fibre Glass were lower, however, partly hecause of price competition in the insulation industry. The directors said that the South East Asian and Papua New Guinea companies continued to perform well. Indonesian results, when expressed in Australian currency, were affected hy the devaluation of the Rupiah. Profits in New Zealand declined slightly, reflecting the difficult economic conditions in that country.

Dividend for the year has been raised from 11 cents a share to 12.5 cents, and is covered by earnings of 31.9 cents a share.

Boost for Tongaat

BY JIM JONES IN JOHANNESBURG

TONGAAT, the diversified South African sugar group, has reported a pretax profit increase of 36.8 per cent to R18.2m ($21.5m). Turnover was boosted 44.3 per cent from R160.1m to R231m for the year, mainly as a result of consolidation of its revamped brick making interests.

As a result of the consolidation minority interests jumoed from R256 000 to R2.2m leading to a lower 17 per cent increase in attributable earnings to R12.5m.

After allowing for the one-for-four capitalisation issue in January earnings per share advanced from 52.2 cents to 60.7 cents beating the November interim forecast by 4.7 cents.

The final dividend was increased to 16 cents making a total of 23.2 cents for the year.

Tongaat last year derived roughly 39 per cent of its profit from sugar.

The now consolidated 65 per cent owned Toncoro Group formed last year through the merger of brickmaking interests of Primorse and Coronation Industrials, generaled a pre-tax profit of R6.3m for the nine months to March 31, 1979 compared with R1.1m in the previous year.

Setback at Cold Storage

By Georgie Lee in Singapore

COLD STORAGE Holdings suffered a 17.6 per cent fall last year in group post-tax profit to S$9.75m (US$4.4m), on a marginally higher turnover of S$195.7m (US$89m) for the year to January.

A slide in profits was already apparent in the first half, when the post-tax figure fell by 13 per cent. The group then hlamed static sales and reduced margins for its lower earnings.

Cold Storage has declared a final cross dividend of six Malaysian cents, which together with the interim cross dividend of 4.5 cents paid earlier makes an unchanged total of 10.5 cents.

Active CD market in Japan

TOKYO—Leading Japanese City banks have sold yen-based three month negotiable Certificates of Deposit for the first time, at interest rates of 5.1 per cent to 5.2 per cent.

Mitsui hank sold CDs worth Y15bn ($70m) mostly for periods of three to four months, representing one half of its permissible level for the April-June period.

Mitsui declined to disclose interest rates, but banking sources said they were about 5.2 per cent.

Dai-Ichi Kangyo Bank has started selling its yen-based CDs at interest rates of 5.1 per cent to 5.2 per cent.

The framework for Dai-Ichi Kangyo's CD issues during the current quarter is about Y50bn representing the equivalent of 10 per cent of its owned capital.

The Fuji Bank sold CDs worth Y20bn out of its current quarter framework of Y55bn, at interest rates of 5.1 to 5.2 per cent.

Reuter

VONTOBEL EUROBOND INDICES
14.5.76=100%

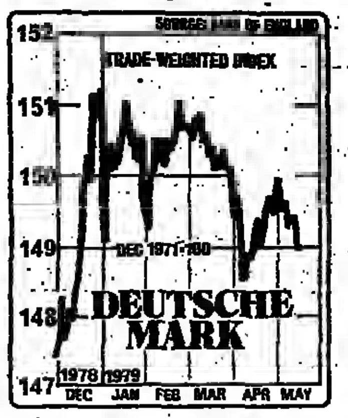
PRICE INDEX	8.5.79	15.5.79	AVERAGE YIELD	8.5.79	15.5.79
DM Bonds	99.86	99.18	DM Bonds	7.325	7.437
HFL Bonds & Notes	98.59	98.08	HFL Bonds & Notes	8.551	8.576
U.S. $ Strt. Bonds	96.10	95.94	U.S. $ Strt. Bonds	9.521	9.558
Can Dollar Bonds	96.40	96.26	Can. Dollar Bonds	9.981	10.015

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling steady

Sterling showed little change in the foreign exchange market yesterday, and although trading was described as fairly active, there appeared to be little in the way of fresh news to affect conditions. Sterling opened at $2.0625 against the dollar and soon reached its best level of $2.0675 before coming back to $2.0650. For a while trading became rather thin and the pound eased on a little selling to $2.0565. At the close it stood at $2.0605-2.0615, a fall of just 20 points from Wednesday's finish. On a trade-weighted basis the pound's index rose to 66.8 from 66.7, having stood at 66.7 at noon and 67.0 in the morning.



The U.S. dollar eased against most major currencies in fairly featureless trading. In terms of the D-Mark it lost ground to DM 1.9060 from DM 1.9080 and was also weaker against the Swiss franc at SwFr 1.7270 compared with SwFr 1.7275. In yen terms the U.S. unit was quoted at Y214.4 against Y214.0 previously. The Canadian dollar showed a firmer tendency on improved sentiment ahead of the General Election and finished at 86.49½ U.S. cents from 86.14½ U.S. cents. On Bank of England figures, the U.S. dollar's trade weighted index eased to 86.0 from 86.1.

The Irish punt lost ground against its EMS partners and was also weaker against sterling and the U.S. dollar. Against the dollar it fell to $1.9860 from $1.9925 and to 96.40p from 96.80p against sterling. In terms of the Belgian franc it eased to BFr 60.58 from BFr 60.73, to FFr 8.7427 from FFr 8.7780 against the French franc, to DM 3.7853 from DM 3.7960 against the D-Mark and Fl 4.1229 from Fl 4.1310 against the guilder. In terms of the Italian lira, the punt fell to L1,688.89 from L1,695.60 and to DKr 10.6483 from DKr 10.6900 against the Danish krone.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed at DM 1.9065, up from Tuesday's fixing of DM 1.9040. Initial profit taking saw the rate fall to DM 1.9055 although the U.S. unit soon recovered in fairly quiet trading to its fixing level.

MILAN—The lira showed a firmer tendency against other EMS currencies but weakened against sterling, with the U.S. dollar unchanged. The latter was fixed at L850.95, the same level as Tuesday, while sterling rose to L1,755.55 from L1,743.70. The D-mark, however, was weaker at L446.28 compared with L446.87 previously.

TOKYO—The dollar showed a stronger trend against the yen yesterday and closed at Y214.90 compared with Y212.65 on Tuesday, with intervention by the Bank of Japan to support the yen, estimated at $50m. The U.S. unit was boosted by poor trade figures for Japan in April and this reversed a trend started earlier in the week, after the announcement of measures to ease controls on capital inflows. Trading in the spot market totalled $657m.

THE POUND SPOT AND FORWARD

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0565-2.0675	2.0605-2.0615	0.43-0.33c pm	2.21	0.85-0.75 pm	1.55
Canada	2.3800-2.3980	2.3820-2.3830	0.28-0.18c pm	1.16	0.63-0.53 pm	0.97
Nethlnd.	4.26½-4.30	4.27¼-4.28¼	2-1c pm	4.20	5¼-4¼ pm	4.32
Belgium	62.70-63.15	62.75-62.85	27-17c pm	4.20	70-60 pm	4.14
Denmark	11.03-11.11	11.05-11.06	3¼-1¼ore pm	2.44	5¼-3¼ pm	1.54
Ireland	1.0350-1.0410	1.0368-1.0378	15-25p dis	−2.31	56-65 dis	−2.31
W. Ger.	3.91¼-3.96½	3.92¼-3.93¼	2¼-1¼pf pm	5.49	6¼-5¼ pm	5.49
Portugal	101.70-102.50	101.80-102.10	50-110c dis	−9.42	150-250 dis	−7.86
Spain	135.05-136.55	136.10-136.20	15c pm-35c dis	−0.88	10pm-20dis	−1.03
Italy	1,751-1,760	1,751¼-1,752¼	2¼-¼ lire pm	1.20	5¼-3¼ pm	0.97
Norway	10.69-10.75	10.70¼-10.71½	4¼-2¼ore pm	0.20	11-9 pm	3.73
France	9.06½-9.11½	9.06½-9.07¼	2½-1½c pm	2.65	5-4 pm	1.98
Sweden	9.03-9.09	9.04¼-9.05½	2¼-¼ore pm	2.32	6¼-4¼ pm	2.32
Japan	440-447	441¼-442¼	3.00-2.75y pm	7.81	8.00-7.75 pm	7.13
Austria	28.88-29.08	28.90-28.96	20-10gro pm	6.22	48-38 pm	5.96
Switz.	3.54¼-3.58¼	3.55¼-3.56¼	3⅞-2⅞c pm	11.37	10-9 pm	10.67

Belgium rate is for convertible francs. Financial franc 64.90-65.00. Six-month forward dollar 1.28-1.11c pm; 12-month 2.30-2.20c pm.

THE DOLLAR SPOT AND FORWARD

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0565-2.0675	2.0605-2.0615	0.43-0.33c pm	2.21	0.85-0.75 pm	1.55
Ireland†	1.9820-1.9870	1.9820-1.9870	0.85-0.70c pm	4.69	2.10-1.80 pm	3.93
Canada†	86.21-86.43	86.40-86.43	0.10-0.06c pm	1.25	0.15-0.12 pm	0.62
Nethlnd.	2.0755-2.0775	2.0755-2.0775	0.48-0.38c pm	2.48	1.55-1.45 pm	2.89
Belgium	30.48½-30.51½	30.48½-30.50	7½-7c pm	2.85	19-17 pm	2.36
Denmark	5.3610-5.3670	5.3610-5.3635	0.75-0.25ore pm	1.11	0.75-0.25 pm	0.37
W. Ger.	1.9055-1.9074	1.9055-1.9065	0.80-0.70pf pm	4.72	2.42-2.32 pm	4.97
Portugal	49.40-49.50	49.42-49.47	33-48c dis	−9.82	90-140 dis	−9.30
Spain	66.03-66.07	66.03-66.05	2c pm-8c dis	−1.09	18-28 dis	−1.39
Italy	850.40-851.90	850.40-850.90	0.40-0.70lire dis	−0.77	1.40-1.90dis	−0.77
Norway	5.1990-5.1996	5.1960-5.1970	1.20-0.70ore pm	2.19	3.30-2.80 pm	2.34
France	4.4010-4.4070	4.4010-4.4025	0.20c pm-par	0.27	0.60-0.30 pm	0.40
Sweden	4.3885-4.3906	4.3890-4.3900	0.30-0.10ore pm	0.54	1.20-1.00 pm	1.00
Japan	214.00-214.65	214.00-214.20	6.40-4.90gro pm	4.40	3.00-2.90 pm	5.51
Austria	14.035-14.045	14.035-14.040	0.98-0.88y pm	5.21	16.5-15.0 pm	4.48
Switz.	1.7268-1.7290	1.7270-1.7280	1.30-1.20c pm	8.68	4.05-3.95 pm	9.26

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.621699	0.646114
U.S. $	8½	1.27555	1.32376
Canadian $	11¼	1.47823	1.53754
Austria Sch.	3¾	17.8489	18.5657
Belgian F	7	38.7869	40.3183
Danish K	8	6.82643	7.10064
D mark	4	2.42446	2.52086
Guilder	5½	2.64029	2.74676
French Fr	9½	5.60561	5.89718
Lira	10½	1083.62	1125.86
Yen	4¼	270.548	282.159
Nrwgn. K	7	6.61678	6.87560
Spanish Pes.	8	Unavail.	27.4909
Swedish Kr	6½	5.69064	5.81130
Swiss Fr	1	2.18676	2.28295

CURRENCY MOVEMENTS

May 15	Bank of England Index	Morgan Guaranty changes %
Sterling	66.8	−37.6
U.S. dollar	85.0	−7.5
Canadian dollar	82.0	−15.9
Austrian schilling	144.8	+18.4
Belgian franc	112.7	+15.1
Danish kroner	115.5	+4.7
Deutsche Mark	149.0	+41.3
Swiss franc	182.4	+80.0
Guilder	125.4	+19.3
French franc	98.1	−7.2
Lira	54.5	−48.9
Yen	135.2	+34.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

May 15	£	$		£ Note Rates
Argentina Peso	2533-2553	1230-1240	Austria	28½-29½
Australia Dollar	1.8555-1.8575	0.8996-0.9015	Belgium	64-65
Brazil Cruzeiro	50.36-51.66	24.46-24.90	Denmark	11.00-11.10
Finland Markka	8.21-8.21½	3.9870-3.9890	France	8.98-9.08
Greek Drachma	76.782-77.818	36.76-37.66	Germany	3.87-3.97
Hong Kong Dollar	10.39-10.41¼	5.0560-5.0660	Italy	1,715-1,745
Iran Rial	149.55-155.75	72.75	Japan	440-460
Kuwait Dinar (KD)	0.568-0.578	0.2777-0.2778	Netherlands	4.20-4.30
Luxembourg Frc.	62.75-62.85	30.47-30.49	Norway	10.64-10.74
Malaysia Dollar	10.38-10.41¼	2.2845-2.2865	Portugal	98-101
New Zealand Dlr.	1.9635-1.9695	0.9596-0.9655	Spain	134-137
Saudi Arab. Riyal	6.99-7.02	3.3800-3.3807	Switzerland	3.50-3.60
Singapore Dollar	4.52¼-4.54¼	2.2045-2.2055	United States	2.0650-2.0680
Sth. African Rand	1.761¼-1.741½	0.8490-0.8485	Yugoslavia	42-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3836	+2.36	+1.68	±1.53
Danish Krone	7.08592	7.10304	+0.24	−0.43	±1.635
German D-mark	2.51064	2.52389	+0.53	−0.14	±1.1325
French Franc	5.79831	5.83218	+0.58	−0.08	±1.35
Dutch Guilder	2.72077	2.74855	+1.02	+0.35	±1.5075
Irish Punt	0.662638	0.666752	+0.62	−0.05	±1.665
Italian Lira	1148.15	1126.58	−1.88	−1.88	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 16	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.061	3.930	442.0	9.070	3.565	4.255	1752.	2.383	62.60
U.S. Dollar	0.485	1.	1.907	214.5	4.401	1.729	2.078	850.3	1.156	30.47
Deutschemark	0.254	0.524	1.	112.5	2.308	0.906	1.090	445.9	0.606	15.98
Japanese Yen 1,000	2.262	4.663	8.891	1000.	20.52	8.060	9.689	3964.	5.390	142.1
French Franc 10	1.103	2.278	4.333	487.3	10.	3.928	4.722	1932	2.627	34.64
Swiss Franc	0.281	0.578	1.103	124.1	2.546	1.	1.202	491.9	0.668	17.63
Dutch Guilder	0.235	0.481	0.918	103.3	2.118	0.868	1.	409.3	0.556	14.66
Italian Lira 1,000	0.571	1.176	2.243	252.3	5.176	2.035	2.444	1000.	1.360	35.84
Canadian Dollar	0.420	0.865	1.650	185.5	3.807	1.496	1.797	735.5	1.	26.65
Belgian Franc 100	1.602	3.282	6.256	705.8	14.44	5.675	6.819	2790.	3.794	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.50-10.60 per cent; six months 10.75-10.85 per cent; one year 10.70-10.80 per cent.

May 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11½-12½	10-10¼	9¼-10¼	7-7¼	[illegible]	5-5¼	8-9	10-11	—	[illegible]
7 days' notice	12-12¼	10⅛-10⅜	[illegible]	7-7¼	[illegible]	5-5¼	9-10	10¼-11¼	10⅛-10⅜	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-12	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollar deposits: two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10-10⅜ per cent; five years 10-10⅜ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch money conditions tight

Money market conditions are expected to remain tight in Amsterdam in the near future. The official daily quota for the banking system will be unchanged at Fl 2.3bn per day for the three months up to August 16. Shortages may run at Fl 4bn at times however, partly because of seasonal tax payments, and this is likely to leave the market short of funds.

Interest rates were unchanged yesterday, with call money at 7-7¼ per cent; one-month at 7½-7¾ per cent; three-month at 7¼-7½ per cent; and 12-month at 8⅛-8⅜ per cent.

PARIS—Official call money fell to 7⅛ per cent from Tuesday's nine-month high of 7¼ per cent following the authorities' purchase of FFr 3.95bn of first category paper.

FRANKFURT—Interbank rates were firmer, with call money quoted at 5.05-5.15 per cent compared with 5.05-5.10 per cent. One-month was unchanged at 5.50-5.60 per cent, while three-month was 5.90-6.00 per cent against 5.80-6.00 per cent. Six-month funds rose to 6.25-6.50 per cent from 6.20-6.40 per cent, and 12-month to 7.00-7.20 per cent from 6.90-7.10 per cent.

NEW YORK—The Federal Reserve drained money from the banking system by way of overnight reverse repurchase agreements with Federal funds at 10⅛ per cent.

BRUSSELS—Call money rose slightly to 4.40 per cent from 4.35 per cent, but period rates were generally easier. One-month money fell to 7¼-7⅜ per cent from 7½-7⅝ per cent; three-month to 8⅜-8⅝ per cent from 8½-8⅝ per cent; and six-month to 8⅝-9 per cent from 8⅞-9 per cent. 12-month funds were quoted at 8⅞-9⅛ per cent, against 8⅞-9⅛ per cent.

HONG KONG—The money market was easy, with call money at 12 per cent and overnight at 9 per cent.

GOLD

Further record

Gold continued to improve in the London bullion market yesterday and reached a record closing level of $256-256¾, a rise of $1¾ an ounce. At one point it touched an all time high of $257, although profit taking saw the metal ease soon after. There still appeared to be a good deal of interest after Tuesday's U.S. Treasury gold auction.

In Paris the 12½ kilo bar was fixed at Fr 35,300 per kilo ($270.38 per ounce) in the afternoon after a record fixing in the morning, and compared with Tuesday's morning of Fr 35,500 ($271.84) ($267.05).

	May 16	May 15
Gold Bullion (fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10.3125
Treasury Bills (13-week)	9.57
Treasury Bills (26-week)	9.48
GERMANY	
Discount Rate	4
Overnight Rate	5.10
One month	5.55
Three months	5.95
Six months	6.375
FRANCE	
Discount Rate	9.5
Overnight Rate	7.125
One month	7.3125
Three months	7.8125
Six months	8.1875
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.125
Bills Discount (three-month)	5.625

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Conditions were very easy in the London money market yesterday, with day-to-day credit in very good supply. Banks tended to square positions early, since it is the third Wednesday in the month, it was published figure day. Overnight money opened at 12½-12¾ per cent in the interbank market, and eased to 11½-12 per cent on expectations of surplus credit. Rates remained around that level during the morning, but fell to 8-9 per cent in the early afternoon, before rising to 10-10½ per cent, and falling away to 1-2 per cent at the close.

Discount houses paid 11¾ per cent for secured call loans in the morning, and although some books were closed at 8½ per cent, late balances were picked up at 1½-3 per cent.

In order to absorb surplus funds the authorities sold a small amount of Treasury bills to the houses. This was the first surplus of money since April 4.

Banks brought forward small surplus balances, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand repayment was made of the money lent by the Bank of England on Tuesday.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 16 1979	Sterling Certificate of Deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-12½	—	—	—	12¼	1¼-11½	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or...	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
7 days notice	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12½-12¾ per cent; four years 12½-12¾ per cent; five years 12½-12¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅝ per cent; four-month trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury Bills 11⅝ per cent; two-month 11⅝ per cent; three-month 11⅝ per cent. Approximate selling rate for one month bank bills 11⅞ per cent; two-month 11⅞ per cent; and three-month 11⅞ per cent; one-month trade bills 12¼ per cent; two-month 12¼ per cent; and three-month 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4305 per cent.

WORLD STOCK MARKETS

Further mild early rally attempt on Wall St.

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—55% (53⅜%)
Effective $2.0610 22⅛% (21⅞%)

HELPED BY further bargain hunting, the Wall Street stock market put on another mild rallying attempt in moderate activity yesterday morning.

The Dow Jones Industrial Average recovered 2.34 to 828.22 at 1 pm, while the NYSE All Common Index hardened 10 cents to $55.36 and gaining issues narrowly led declines by about a six-to-five margin. Trading volume amounted to 17.53m shares, down from Tuesday's 1 pm level of 18.94m.

Closing prices and market reports were not available for this edition.

Analysts, however, said investors continued to worry about petrol shortages, rising interest rates and the economic outlook.

The Federal Reserve reported a decline in industrial production in April but said the fall came mainly from the trucking strike. Investors hope that an economic slowdown will ease upward pressure on prices and interest rates.

Adding to petrol worries, Venezuela was reported to be raising crude oil prices by 60 cents a barrel, matching an increase by Iran last week.

Some Glamours and Blue Chips were in firmer fettle. IBM picked up $1 to $306⅛, Du Pont ⅞ to $132, Teledyne ⅞ to $115⅞ and American Telephone ⅛ to $58⅞.

Xerox hardened ⅞ to $58. It has introduced two new small copiers.

Caesars World added 2⅜ at $70⅛, but most other Gaming shares lost ground.

Dome Mines, which jumped about six points on Tuesday, receded 1⅛ to $111⅛, but other Gold issues edged further ahead as Bullion again moved to a new record peak.

Hoover advanced 1⅜ to $15 bid in over-the-counter trading. Fuqua Industries wishes to buy $15m worth of Hoover stock at a price of $16 a share.

Monumental Corporation climbed $1 to $24⅞ bid. Kaufman and Broad is to sell part of its stake in Monumental back to Monumental.

Cummins Engine rose 1⅛ to $37. The company is to develop diesel engines for Ford Motor's cars and light trucks.

In the toys sector, Mego International, up ⅛ at $9⅛, has agreed to buy about 9 per cent of Tonka for $13.50 a share. Tonka added 1⅛ at $11⅜.

THE AMERICAN SE Market Value Index improved 0.70 to 176.75 at 1 p.m. on volume of 1.96m shares (2.04m).

Canada

Stock prices displayed a bias to higher levels at mid-day yesterday, following another moderate early business.

The Toronto Composite Index put on 1.6 to 1,456.2 at noon, while Oils and Gas rose 11.0 to 2,193.8, Metals and Minerals 3.4 to 1,224.0, Utilities 0.49 to 221.71 and Papers 0.19 to 160.22. Golds, however, after advancing 72.2 on Tuesday, receded 21.6 to 1,806.9, while Banks lost 2.06 to 295.59.

Inco, the most active Toronto issue on 72,279 shares, shed C$⅛ to C$22⅛. The company said it is not willing to increase its contract offer for 11,700 striking Sudbury, Ontario, workers.

Imperial Oil "A," C$27⅞, and Gulf Canada, C$45⅝, each added C$⅛. The companies are involved in a consortium which has made a major gas discovery in the Arctic.

Melcor Development, which reported lower earnings, lost C$1 to C$13⅜.

Richard Costain added C$1 to C$14⅛ after raising its dividend.

Tokyo

With the market attracting fresh selective support, shares closed higher for choice after a fair business.

The Nikkei-Dow Jones Average rose 32.38 further to a new all-time closing peak of 6,341.25, while the Tokyo SE index put on 0.45 to 457.30. Turnover further decreased to 350m shares from Tuesday's 480m.

Such energy industry-related stocks as Oils and Coals advanced. One broker noted that Arabian Oil was actively bought on news that it has reached an agreement with Saudi Arabia and Kuwait to jointly develop natural gas fields in the Arabian Gulf. Nippon Oil moved ahead Y90 to Y1,490.

Real Estates also moved higher on speculative buying. A broker said that there are strong cautious feelings among investors about inflation and that is perhaps a basic reason why they are buying Real Estate shares.

Motors strengthened, helped by recent reports that motor sales in the domestic and overseas markets are brisk. Honda Motors climbed Y14 to Y575.

Chemicals and Foods were other groups to improve, but Pharmaceuticals and Light Electricals reacted on profit-taking. Sony receded Y60 to Y2,050 and TDK Electronic Y30 to Y1,830.

Paris

After the declining trend of recent sessions, the market became firmer-inclined yesterday in more active trading, with a March improvement in industrial production and industrialists forecasts of further strong activity more than counteracting news of a rise in unemployment for March.

The most widespread gains were seen among Banks, notably Locabail and Codetel.

Elsewhere, Porcelain rose FFr 15 to FFr 185 and BSN-Gervais Danone FFr 8 to FFr 538 after both companies announced higher first-quarter turnover.

Among other firmer issues were Eurafrance, Beghin, Michelin, Thomson Brandt, Pechiney, Peugeot-Citroen, Maisons Phenix, Daryl, Machines Bull, Fraissinet, Penarroya and Imetal.

Moving lower were Schneider, Screg, Kleber, Prenatal, Generale des Eaux and Saint-Gobain.

Germany

Bourse prices were mixed but with a slight bias to higher levels following fairly quiet dealings.

Lufthansa gained DM 2 more, while Engineerings had Linde DM 4 up. Snd Zucker rose 2.50 and Bayerische Vereinsbank DM 1.50, but Lowenbrau declined DM 20 and Karstadt, in Stores, lost DM 4.80.

In the Domestic Bond market, Public Authority issues lost up to 60 pfennigs more. The Bundesbank purchased a nominal DM 6.5m of paper after buying DM 24.3m the previous day. Mark Foreign Loans also softened.

Australia

Shares continued to show a downward tendency yesterday, with Bank of Adelaide remaining a weak feature, but some Gold issues were boosted by the record high overnight London Bullion price.

Bank of Adelaide's wholly-owned finance arm, Finance Corporation of Australia, needs a money transfusion of up to A$60m to tide it over the problems caused by its over-exposure in property, and the parent company board is being pressured into a merger with another and stronger bank.

The market is expecting either Bank of NSW, National Bank or ANZ to be declared as the merger partner for Bank of Adelaide next week, and in the course of a heavy bout of selling, Adelaide's shares further retreated to 97 cents before ending 20 cents lower on the day at A$1.13 for a two-day fall of 27 cents.

However, after Moody's retreat, ANZ were steady at A$4.38, while National Bank picked up 2 cents to A$2.50 and Bank of NSW were only 2 cents easier at A$3.52.

Among the strong Golds sector, Central Norseman closed A$1.00 higher at A$23.50, after reaching A$24.00, while Poseidon rose 11 cents to 76 cents and Gold Mines Kalgurli 8 cents to A$1.18.

Elsewhere in Minings, Jimberlana Minerals put on 4 cents to A$1.44, but CRA receded 15 cents to A$3.50 and Hamersley 7 cents to A$2.68.

Oils drifted lower, disheartened by a string of dry holes on the North West Shelf, but Australian Oil and Gas rallied 5 cents to A$1.00.

Jennings stood out in the Building group with a fresh fall of 8 cents to 65 cents.

Sidney Cooke were down 21 cents at A$1.75 and Reckitt and Colman declined 7 cents to A$2.50.

Australian Consolidated Industries were unchanged at A$1.83 despite sharply higher annual profits.

Hong Kong

A quietly firmer tone continued to prevail yesterday, with the Hang Seng index edging up 2.58 more to 550.27.

Hong Kong Land hardened 5 cents to HK$7.20, China Provident 50 cents to HK$20.00, New World 2 cents to HK$1.86 and Sun Hung Kai Properties 20 cents to HK$9.50, while Jardine Matheson put on 10 cents to HK$11.90 and Hong Kong Telephone 30 cents to HK$24.20.

Johannesburg

Gold shares mostly gained further ground in active trading on the rise in Bullion prices.

Mining Financials also made fresh headway, while Diamond issue De Beers strengthened 25 cents more to R9.20. Platinums were higher, while Industrials were mainly in firmer vein.

Indices

NEW YORK —DOW JONES

	May 13	May 14	May 11	May 10	May 9	May 8	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	825.38	825.02	830.56	828.92	838.62	834.89	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	83.19	85.21	83.17	82.89	83.06	82.92	85.90 (2/2)	82.92 (9/5)		
Transport	225.75	222.16	222.49	221.56	221.90	220.88	235.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	98.51	98.81	99.32	99.06	99.56	98.89	104.94 (6/4)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	26,270	22,550	24 989	26,230	27,800	32,869	—	—	—	—

◆ Day's high 832.12 low 821.55

	May 11	May 4	Apr. 27	Year ago (approx)
Ind. div. yield %	3.09	5.86	5.78	5.51

STANDARD AND POORS

	May 13	May 14	May 11	May 10	May 9	May 8	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls	109.45	109.40	109.82	108.96	111.09	110.81	119.89 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	98.14	98.06	98.52	98.52	99.46	99.17	103.54 (10/4)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	May 9	May 2	April 25	Year ago (approx)
Ind. div. yield %	5.31	5.12	5.08	5.04
Ind. P/E Ratio	8.44	8.65	8.71	9.10
Lon Gov. Bond Yield	9.24	9.20	9.11	8.43

N.Y.S.E. ALL COMMON

May 13	May 14	May 11	May 10	1979 High	1979 Low
55.26	56.22	55.48	55.45	56.18 (10/4)	53.88 (27/2)

Rises and Falls

	May 15	May 14	May 11
Issues Traded	1,893	1,888	1,849
Rises	689	490	699
Falls	696	920	558
Unchanged	508	472	490
New Highs	12	18	8
New Lows	76	64	63

MONTREAL	May 15	May 14	May 11	May 10	1979 High	1979 Low
Industrial	242.39	242.81	243.38	242.53	250.91 (27/5)	219.19 (2/1)
Combined	245.49	245.88	246.20	245.36	251.89 (2/5)	225.80 (2/1)
TORONTO Composite	1454.6	1453.5	1458.4	1452.8	1491.1 (2/5)	1515.8 (2/1)
JOHANNESBURG Gold	285.1	279.5	279.0	277.8	290.7 (7/2)	228.4 (17/4)
JOHANNESBURG Industrial	325.9	325.9	325.7	325.3	328.9 (8/5)	278.5 (2/1)

EUROPEAN OPTIONS EXCHANGE

Series	July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C F.044.00	1	11.50	—	—	—	—	F.350.50
ABN C F.364.20	4	0	—	—	—	—	"
ABN C F.370	—	—	—	—	3	0.30	"
AKZ C F.30	64	1.00	33	3.20	1	4.30	F.30.90
AKZ C F.32.50	81	0.90	100	1.60	83	2.20	"
AKZ C F.35	—	—	17	0.80	—	—	"
AKZ P F.00	23	0.50	—	—	1	1.50	"
AKZ P F.32.50	—	—	2	1.60	—	—	"
EK C F.60	—	—	4	3⅝	—	—	$50⅜
HO C F.52.50	—	—	3	5.50	—	—	F.53.60
HO C F.30	—	—	8	1.00	—	—	"
HO C F.37.60	—	—	15	0.90	—	—	"
IBM C $500	8	10¾	—	—	—	—	$303¼
IBM C $320	15	5⅞	4	13½	—	—	"
KLM C F.100	28	13	10	12.50	—	—	F.111.50
KLM C F.110	1	5.80	2	6.80	—	—	"
KLM C F.120	157	2.70	47	4.50	—	—	"
KLM C F.150	83	1	—	—	—	—	"
KLM P F.100	13	0.60	8	2	—	—	"
KLM P F.110	43	2.50	18	3.40	—	—	"
KLM P F.120	10	10	23	11.50	12	13	"
PHI C F.23	13	0.00	50	1.70	21	2.20	F.25
PHI C F.27.50	101	0.30	38	0.80	120	1	"
PHI P F.27.50	—	—	20	2.70	—	—	"
PRD C $35	10	½	18	1¼	—	—	$30⅛
PRD C $40	—	—	1	⅝	—	—	"
PRD C F.45	—	—	20	¼	—	—	"
RD C F.120	0	03.80	—	—	—	—	F.143.10
RD C F.130	1	13.30	—	—	—	—	"
RD C F.155	51	8.20	—	—	—	—	"
RD C F.140	34	3.20	—	—	1	3	"
RD C F.143	27	0.70	—	—	3	5.80	"
RD P F.130	—	—	8	1.90	—	—	"
RD P F.135	20	1.40	—	—	—	—	"
RD P F.140	40	3	—	—	—	—	"
UNI C F.120	8	8.70	—	—	—	—	F.129.10
UNI C F.130	23	1.80	—	—	—	—	"
XRX C $30	10	1⅛	—	—	—	—	$57¼
	May		**Aug.**		**Nov.**		
BA C $40	—	—	5	2¼	1	3	$38¼
BA C $40⅝	—	—	4	⅝	8	1½	"
SLB C $66⅝	2	4½	2	0¼	—	—	$70⅞

TOTAL VOLUME IN CONTRACTS 1435
C=Call P=Put

BASE LENDING RATES

A.B.N. Bank 12 %	■ Hambros Bank 12 %
Allied Irish Banks Ltd. 12 %	■ Hill Samuel §12 %
Amro Bank 12 %	C. Hoare & Co. †12 %
American Express Bk. 12 %	Julian S. Hodge 13 %
A P Bank Ltd. 12 %	Hongkong & Shanghai 12 %
Henry Ansbacher 12 %	Industrial Bk. of Scot. 12 %
Associates Cap. Corp. 12 %	Keyser Ullmann 12 %
Banco de Bilbao 12 %	Knowsley & Co. Ltd. 13½%
Bank of Credit & Cmce. 12 %	Lloyds Bank 12 %
Bank of Cyprus 12 %	London Mercantile 12 %
Bank of N.S.W. 12 %	Edward Manson & Co. 13 %
Banque Belge Ltd. 12 %	Midland Bank 12 %
Banque du Rhone et de la Tamise S.A. 12½%	■ Samuel Montagu 12 %
Barclays Bank 12 %	■ Morgan Grenfell 12 %
Bremar Holdings Ltd. 13 %	National Westminster 12 %
Brit. Bank of Mid. East 12 %	Norwich General Trust 12 %
■ Brown Shipley 12 %	P. S. Refson & Co. 12 %
Canada Perm't Trust 12 %	Rossminster 12 %
Cayzer Ltd. 12 %	Ryl. Bk. Canada (Ldn) 12 %
Cedar Holdings 12 %	Schlesinger Limited 12 %
■ Charterhouse Japhet 12 %	E. S. Schwab 12 %
Choulartons 12 %	Security Trust Co. Ltd. 13 %
C. E. Coates 12 %	Shenley Trust 13 %
Consolidated Credits 12 %	Standard Chartered 12 %
Co-operative Bank *12 %	Trade Dev. Bank 12 %
Corinthian Secs. 12 %	Trustee Savings Bank 12 %
Credit Lyonnais 12 %	Twentieth Century Bk. 13 %
The Cyprus Popular Bk. 12 %	United Bank of Kuwait 12 %
Duncan Lawrie 12 %	Whiteaway Laidlaw 12½%
Eagil Trust 12 %	Williams & Glyn's 12 %
English Transcont. 12 %	Yorkshire Bank 12 %
First Nat. Fin. Corp. 13½%	■ Members of the Accepting Houses Committee.
First Nat. Secs. Ltd. 13 %	* 7-day deposits 9½%, 1-month deposits 9¾%.
■ Antony Gibbs 12 %	† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10½%.
Greyhound Guaranty 12 %	‡ Call deposits over £1,000 9½%.
Grindlays Bank ‡12 %	§ Demand deposits 9½%.
■ Guinness Mahon 12 %	

FINANCIAL TIMES SURVEY

Thursday May 17 1979

NORWAY

So far the North Sea has saddled Norway with debts rather than riches, a state of affairs that has been reflected in a diminution of the Labour Government's popularity and in a growing revolt against the central authority. Efficient management of the oil resource is likely to be the major task facing the country during the next few years.

A gift of the devil

By William Dullforce

Nordic Correspondent

THE NORWEGIANS are approaching the 1980s with greater diffidence about their future than most of them felt two or three years ago. North Sea oil has not cushioned them against the economic problems which have been besetting the rest of Europe. The management of the oil resources has been less straigbtforward than anticipated and, indeed, tha Norwegians have still not come to terms with themselves morally about the exploitation of their offshore windfall. To some it would seem to be a gift of tha devil best left deep under the seabed.

With the oil as collateral they have run up the largest foreign debt per head of population in the *industrialised world*. All the same they have heen able to buy fewer cars and other consumer durables this year after the Labour Government turned its economic policy round and called a 15-month halt to wage and price increases. More people hava lost their jobs, although unemployment is still well below the levels reached in many other West European countries.

Norwegians are also displaying a greater fickleness politically. Party loyalties once tended to be life-long, bnt now voters have even started to jump from the Labour Party right across tha political spectrum to Hoyre, the Conservative Party. Tbe soall parties in the middle have heen in turmoil for the past five years. The Cooservatives have gained so much ground in the opinion polls that they are challengiog Labour for the lead, an unheard of development in a country dominated by the Labour Party for nearly 40 years

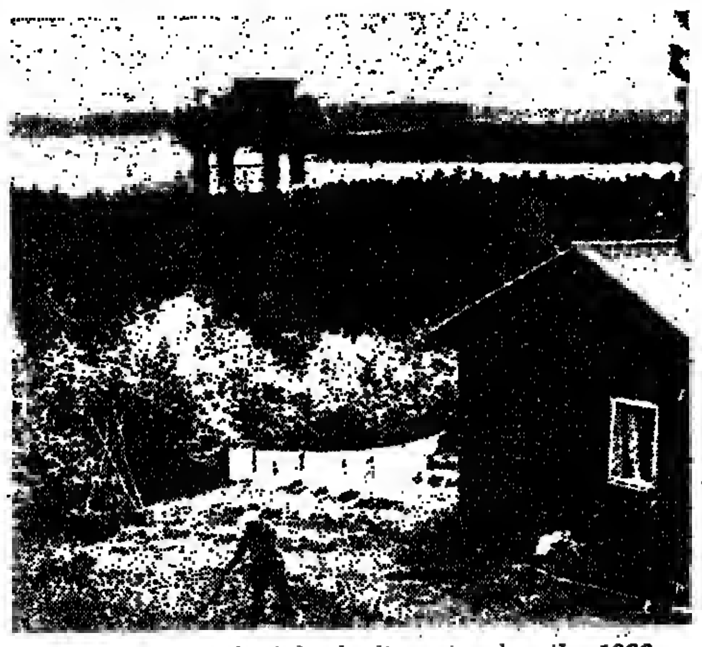
This trend is not nnique to Norway, but it is leavened and complicated in that country by another political ingredient which is particular to it. Henry Valen, Professor of Political Sclences, terma lt tha countar culture. Politically it is expressed in the pletist Christianity of western Norway and the coastal townships to the north, in the temperance movement and in the support for *Nynorsk*, Norway's second language based on country's dialects which competes with the *Riksmaal* spoken by the mainly urban majority.

The counter culture is not just a regional phenomenon. It meshes with the sympathy most urban Norweglans feel for the farmer fishermen—however uneconomic thelr activities may be.

It represents the revolt of the outsiders against the central autbority, an instinct of resistance rooted in the Norwegian make-up after four centuries of rula by Denmark and almost a century of union with Sweden before independence in 1905.

The move into an industrial society, the spread of bigher education and television are all eroding the counter culture. It has nevertheless shown a remarkable tenacity. It gestated the anti-Common Market movement which persuaded a majority of Norwegians to vote agaiost their Government in tbe 1972 referendum and to keep Norway out of the EEC—another revult against the centre.

It is an economic factor in that the sentiments it provokes help to underpin beavy public spending on uneconomical farming and fishing. It survives politically in the goal of achieving a qualitatively better society wbich the Labour Government includes in white papers on the economy and industrial development.



Norway's two life-styles as it approaches the 1980s: oil and farming

Contest

The idea of the counter culture goes a long way to explain the contest betweeo the proponents of economic growth aod those seeking a "gentler," more humane society which is reflected these days in all Norweglan political parties, not least Labour. It is a factor in the ombiguities which affect the country's oil policies. It adds to the incertitudes about the Norway of the 1980s.

The picture accompanying this article catches with acuity the Norwegian's dilemma on the thresbold of tbe 1980s. The advanced, almost grandiose industrial technology developed to extract great wealth from tbe sea bottom and the arcadian longing to preserve the simplicity and self-sufficieocy of tba pre-iodustrial husbandman are both vigorous elements of contemporary Norwegian life.

As a substantial oil exporter with a population of only 4m, Norway should he capahle of at least harmonising these two aspirations duriog the rest of the century, but it will be a severe test of economic management. The lesson of the 1970s for the Norwegians has been that oil wealth cannot insulate their economy from developments in the rest of the world and that they have yet to develop the instruments to deal with the impact of the oil on the economy. The big issue for the 1980s will be tbe management of the economy.

The two symptams of what went wroog are the net foreign debt of arouod NKr 100bn ($20bn), or close to half the gross national product, and the plight of Norway's traditional industry. Industrial output has stagnated since 1973 as the increase in production costs and a decline in productivity curtailed manufacturers' ability to compete on both export and domestic markets.

The growth in the foreign debt was for a long time not considered to be alarming. Most of it stemmed from the enormous investment in North Sea development and could be quickly amortised wben the oil started to flow. Another large part was borrowing by the shipowners, and they could be left to look after themselves: a few bankruptcies ameng shipping companies would not break the economy.

The falsity of this picture appeared as the so-called "mainlaod" debt waxed and state borrowing abroad approacbed the NKr 30bn mark. Put crudely the Labour Government from 1974 tried to ride through the international recession, both maintaining full employment and allowing substantial increases in both private and public consumption, by borrowing against its oil revenna expectations. Both investment and consumption were financed by foreign loans. One leading Norwegian banker calculates, that Norway has borrowed at least $5bn more than it ahould bave done during the five-year period 1973-78.

After aome preliminary deflationary measures the Government finally reacted sternly last September, wben it slapped on a pay and prices freeze until the end of 1979. So far the freeze bas been remarkably successful. There bas been a spectacular improvement in the figures both in the external economy and in the movements of domestic prices and industrial costs.

Tha national budget for 1979 anticipated a GNP growth of only 1.8 per cent (or 0.5 per cent wben oil and shipping are exclnded). The recovery in exports suggests that the 2.5 per cent growth recently indicated to the OECD annual review of the Norwegian economy will be closer to the mark.

But the danger is not ever. The sober response to the freeze by the public and even by the unions could mean that inflationary expectations have been broken, but only guesses can be made about the underlying trends and about the pressures for price and pay increases which may be building up for the lifting of the freeze on January 1. A new general incomes settlement ia due in the spring. Import prices could rise more than allowed for.

Next year tha Government will still be at the point wbere it will bave to choose between full employment and a new deterioration in tha payments balance. Moreover, there are financial problems reflected in the budget transfers to the farmers, pensioners, industrial support and consumer price subsidies.

The subsidies to agriculture and the fisberies are part of the cost for the dual aspirations of the Norwegians outlined above. The farmers bave been conceded parity of income with industrial workers. The subsidies are difficult to assess accurately. The current budget sbows allocations of NKr 2.5bn to agriculture, but a large part of the NKr 3.5bn listed for the food processing industry and of tbe NKr 2.8bn booked for wholesale and retail trading sbould be interpreted as farm support.

In comparison the NKr 2bn-3bn spent on helping manufacturing industry is small and moreover is not a built-in part of the budget as are the farm support and other subsidies. Their effect can be judged by comparing the current public borrowing requirement with the somewbat loose oil revenue forecasts.

Tha public borrowing requirement this year, exclnding the loans which Statoil, the state oil company, will raise to pay for its share of Nortb Sea investment, is of the order of NKr 16-17bn. Last year the Finance Ministry forecast that the state oil revenue would reach NKr 16-18bn by 1981.

This was admittedly a very cautious prognosis undertaken after criticism bad been voiced of previous over-optimistic forecasts. It was based on a reduced oil output rate and allowed for increases in oil prices only in line with tha rate of inflation within the OECD area. But the relationships between the public borrowing requirement and the future oil revenue illustrates tha narrowness of the scope within which the budget must operate for tha next few years. To this must be added the foreign debt repayment problem, although it is now evident that Norway will seek to roll over its five-year loans.

The Labour Governmant is pressed into a corner. Rumours circulate in Oslo that some ministers are tempted to concede a vote of confidence over the Government's intervention in the Tandberg collapse and to hand over to the opposition.

CONTINUED ON NEXT PAGE

NORWAY II

Economy still in the red

AT THE approach to the 1980s the Norwegian economy poses a riddle. When will it reach that elusive balance between the North Sea oil operations and the rest of the economy? Presumably some time during the decade the country's net oil revenue will be large enough to produce a surplus on the external account and allow for repayment of the enormous foreign debt. But that horizon has been steadily receding.

It is difficult for forecasters to penetrate the complexity of the economic and political factors involved. While the supposition remains that Norway will move into the comfortable position of a net capital exporter in the next few years, the problems the Norwegians have experienced in managing their oil development and its economic effects have undermined the confidence and certainties which prevailed in the first half of the 1970s.

There are short-term doubts, too. On January 1 the comprehensive wage and price freeze imposed last September will be raised. Will that be the signal for the release of pent-up inflationary pressures or will the remarkable discipline with which the freeze has so far been accepted by all interest groups continue to prevail?

The Norwegian economy is suffering from a premature bout of "Dutch disease." The term was first coined as a diagnosis of the sickness into which the Dutch economy was expected to fall after its North Sea gas reserves had been depleted, unless preventive treatment was applied to stop the gas development from undermining the economic base for Holland's traditional exports.

Norway's industrial exports started to wither two years ago, well before North Sea oil production had reached even the restrained level set as a target by the Labour Government. The cause was precisely that forecast in the economists' etiology of the "Dutch disease." The rise in Norwegian unit costs of production had undermined the competitive ability of traditional industry and led to a sharp fall in market shares both abroad and within the home market exposed to competition from imports.

BASIC STATISTICS	
Area	118,914 sq mls
Population	4.0m
GNP	NKr 166bn
Per capita	NKr 41,500
Trade (1978)	
Imports	NKr 59.9bn
Exports	NKr 57.6bn
Imports from UK	£650m
Exports to UK	£1.4bn
Currency: krone	£1=NKr 10.74

Decline

There were other contributing factors, not least the decline in the income from the Norwegian shipping fleet. Moreover, the ruling Labour Party's aspirations, morally and politically valid as they appeared to be, substantially promoted the growth of the disease.

The key targets in the Labour Government policy from 1973 were to maintain full employment and to use the prospective oil revenue to raise the living standards of those with lower incomes. The danger that realisation of these goals could lead to strong price increases and a deterioration in Norwegian industry's international competitive ability was recognised. To counter this threat Mr. Per Kleppe, the Finance Minister, devised a comprehensive incomes policy, covering the farmers, fishermen and public employees as well as members of the industrial trade unions.

North Sea oil was to be exploited at a relatively slow pace in order to avoid disruptive effects on existing industry. Little attention was paid to the external payments balance in the belief that the soaring deficit would soon be corrected by the oil revenue. The risk that inflation would be imported was to be countered by revaluation of the krone. Norway's participation in the European currency "snake" was due in part to this policy.

The two chief targets—full employment and an increase in living standards for low-income groups — were successfully achieved. Norway took out a considerable share of its oil revenue in advance in order to finance this policy. But the cost was higher than anticipated, and the serious distortions which developed within the economy threatened to throw it completely off balance.

The Labour Government can point to two exculpatory factors: the world economic recession lasted longer than anticipated and the delays in bringing the North Sea oil discoveries into production postponed the oil revenue. But with hindsight the validity of the Government's economic policy can be challenged and it can seriously be reproached for the tardiness with which it responded to the danger signals.

The 1974 incomes settlement was far too generous and attempts in 1976 and 1977 to correct the situation were defeated by wage drift. Manufacturing industry's unit costs rose by some 25 per cent between 1973 and 1976 relative to those in Norway's main trading partners and industry experienced a considerable loss of market shares both abroad and at home.

Industrial workers' after-tax disposable incomes rose by 6-7 per cent annually in 1974 and 1975 and by 3.5-4 per cent again in 1976. From 1975 to 1977 private consumption rose by 17-18 per cent and public consumption by more than 25 per cent. The increases in private real incomes were largely paid for out of public money.

The cost was reflected in the enlarged deficit on the state budget, the growth in the public borrowing requirement, in the Kingdom of Norway's foreign borrowing and, most spectacularly, in the external account and the net foreign debt. In 1976 the payments deficit was more than NKr 20bn ($4bn), and in 1977 it exceeded NKr 26bn, while by the end of 1977 the net foreign debt had reached NKr 85bn or 45 per cent of gross national product.

Warning signals were first sounded by the Finance Ministry in the spring of 1977, but with the approach of the September general election they were ignored in Cabinet. The full impact of the danger hit the Government in January last year, but its first reaction were tentative and not entirely convincing. In September last year, however, it made a decisive about-turn with the announcement of a freeze, limiting wage and price increases to 4 per cent during 1979 with no increases in real incomes allowed for. Private consumption was to be kept at the 1977 level following the 2.5 per cent decline recorded last year.

Industrial production continues to stagnate, and investments will fall again this year, but industry's competitive position has improved substantially, with labour unit costs after adjustments for effective exchange rates rising only 0.5 per cent last year, compared with a 5.5 per cent advance in Norway's main trading partners. Provisional estimates for this year indicate a 1 per cent decline in industrial unit costs against a 5 per cent increase for the country's main competitors.

The trade deficit has shrunk more than forecast during the first months of 1979, the improvement coming only partly from the increase in oil and gas exports. In the revised budget for 1979 issued earlier this month, the Finance Ministry lowered its forecast for the current account deficit from NKr 16.2bn to NKr 10.9bn. This would be roughly the same as the deficit for 1978.

Success

However, while the Government and Labour Party understandably enough seize on these figures as evidence of the success of the new policy, it is so far too early to judge whether the freeze has put the economy onto a new track. There is little evidence that the underlying economic trends have been significantly altered. The lowering of the external deficit has been largely due to a running down of inventories and to a fall in imports, and economists fear that a pent-up demand for durables could break out next year.

The greatest hope is that the freeze will succeed in breaking inflationary expectations. In this respect the first quarter of the next year is likely to be vital for the success of the new economic policy. The freeze expires on January 1 just as the employers, the unions, the farmers organisations and the Government are due to negotiate the next incomes settlement, which should be ready by the spring.

Union leaders say their members have learnt about the trade-off between wage increases and employment and that a moderate settlement can be expected. At the same time they have already tabled a demand for an increase in the real wages of those with lower incomes and have warned that restraint from their side depends on similar moderation being shown by other interest groups.

Many Norwegian economists believe that the economy can be brought into balance, industry stimulated to greater output and further overheating avoided only if Norwegians take a real cut in living standards for a couple of years, taking off some of the fat accumulated in the 1973-76 period. Their concern is with the high level of public spending, the growth in the public borrowing requirement and the management of the net foreign debt, which has now reached over NKr 100bn or close to half of GNP.

The incomes policy practised by the Government has resulted in an enormous growth in state subsidies to boost farmers and fishermen's incomes, to keep consumer prices down and, more recently, to shore up failing manufacturing concerns. The central Government borrowing requirement rose from NKr 4.8bn in 1974 to NKr 17.6bn last year, according to the bank of Norway. The budget figures indicate that the comparable borrowing requirement this year will be some NKr 1bn less, but these figures do not apparently include, as they did earlier, borrowing by Statoil, the state oil company.

The time has clearly arrived for at least a temporary curb on the growth in the state's capital spending, which has been made possible by foreign borrowing. A hint in this direction is contained in the latest annual review of the Norwegian economy by the OECD—which urges the Government to pay more ettention to fiscal policy and to rely less on its credit controls.

Norway now has the highest per capita foreign debt of any industrialised country. The Government has hitherto argued that the bulk of the debt derives from loans raised to finance North Sea oil and gas development by the companies involved and that the increase in its own borrowing is more than justified by the oil revenues which will accrue to it over the next few years.

The fact is that over 30 per cent of the debt is now attributable to the so-called mainland economy, as distinct from the oil and shipping debt. From 1975, when it first turned to the international markets, the Norwegian state had raised loans equivalent to almost NKr 27bn by the end of last year. Its borrowing has continued this year.

The interest burden on this debt is heavy. The Bank of Norway estimates that net interest payment and unilateral transfers will reach about NKr 10bn this year. Moreover, the state has been borrowing at five-year terms in the expectation — at least to begin with — that the oil revenue would start to flow in within that period. The result is that payments of almost NKr 5bn will fall due next year and they will reach a level of around NKr 7bn in 1982 and 1983. This will require a considerable re-financing operation by the Bank of Norway.

No figures have been released on the repayment schedules for the rest of Norway's foreign debt, but the rest of the mainland debt (i.e. excluding the state debt) is understood to call for repayments rising from around NKr 2.6bn next year to some NKr 3.6bn in 1982. The shipowners' repayments on their outstanding loans should gradually decline from the NKr 4.6bn due this year. A large part of the oil sector debt apparently has no repayment schedule.

The debt management would be crushing for a country without oil resources under development. Previously it was taken for granted that the oil revenues would allow for a quick reimbursement of the debt. The Finance Ministry is now evasive about the conjunction between the rising oil revenue and the reduction of the foreign debt.

There are many imponderables, not least the development of oil prices, the performance of the rest of the Norwegian economy, world economic trends and the Norwegian Government's own policies. But it is certain that the size of the foreign debt adds to the pressure on the Government to curb its fiscal outlays and persist with some form of austerity programme.

Statfjord will be the only new oilfield to come on stream before 1985. It is a fair guess that at least until that date, Norway will have foreign debt and payments problems and that North Sea investments will continue to be financed largely by borrowing. The need for retrenchment in state finances is evident.

William Dullforce

Gift

CONTINUED FROM PREVIOUS PAGE

Morale within the cabinet was already low after the Volvo shareholders had blocked Prime Minister Odvar Nordli's ambitious project to buy a 40 per cent holding in the Swedish car company.

The Govarnment is committed to full employment and to maintaiog tha hudget transfers to the various interest groups liated above. It can raise taxea or go on increasing the foreign debt, neither or which will be popular.

It is not surprising that pressure to allow the market mechanism greater play is increasing, although not so far within the Labour Party and the unions. It is evident in staetments by senlor economists end intellectual attitudes, particularly in Norway's second city, Bergen. The renewed belief in the virtues of a market economy may also have something to do with the growing popularity of the Conservatives.

Recent public opinion polls indicate that the Conservatives command the support of 34 per cent of the electorate, compared with the 24.8 per cent of the votes they polled in the 1977 general election. The Labour Party has dropped from 42.3 per cent of the election votes to almost 36 per cent of the opinion polls. Although unfavourable to Labour the polls continue to reflect the polarisation round the two major parties at the expense of the smaller centre and extreme left-wing parties which was already apparent in the election.

The first test of the polls' eccuracy will be in the local elections due later this year, bnt most specnlation focuses on the chances of a change of government after the 1981 general election. In the mid-1970'a the 1977 election was seen as the decisive opportunity for a non-Socialist coalition, linking the Conservatives, Centre Party and Christian People's Party, to gain and hold power for at least two parliamentary periods on the strength of the oil revenue. They failed by one parliamentary seat.

Delay

However, the delay in the flow of the oil revenue and the Labour Party's misfortunes in managing the economy have clearly given the non-Socialists another chance to win 1981. One element of uncertainty is whether tha growth in the popular appeal of the Conservatives under their energetic chairman, Mr. Erling Norvik, has dampened the enthusiasm for joining a coalition within the Christian People's Party and Centre Party.

Both have recently elected new leaders. The choice of Mr. Kaare Kristiansen by the Christian People's Party should ensure its allegiance to the cause of onsting Labour. The situation is less certain within the Centre Party, where a youth wing which opposes drilling for oil north of the 62nd parallel is hostile to the Conservatives.

One curiosity of the Norwegian political scene is that both the big parties have a dual leedership. Mr. Norvik runs the Conservatives in harness with the Parliamentary leader, Mr. Kaare Willoch, generally regarded as the party'a "brain." The partnership is mora harmonious than that between Prime Minister Odvar Nordli and Mr. Reiulf Steen, the Labour Party Chairman.

The Labour Party is going through a crisis of faith. It includes a minority, centred round Mr. Steen, which wants to place the philosophy of a qualitatively better society at the core of the party programme. Another minority, represented by Mr. Nordli, wishes to retain the commitment to economic growth which characterised the perty during its heyday in the 1960a. Between them is a somewhat bewildered majority.

Oil exploration starts again

IN THE two years which followed the April, 1977, blowout on Norway's Ekofisk field, only one new block was opened for exploration in Norwegian waters. This was the promising "golden block," 34/10, awarded last year to three Norwegian companies—Statoil, Norsk Hydro and Saga Petroleum.

Now the misgivings and hesitation prompted by the blowout have largely faded from the public memory, and the spring has seen two important developments which promise a rapid increase in exploration activity off Norway's shores. One was the allocation, last month, of half the oil blocks in the long-delayed fourth licensing round—the round that was announced by the Norwegian Government early in 1977, but which was temporarily shelved after the Ekofisk accident.

The other major event was the Government's proposal that "cautious" exploration drilling should be allowed to start, from summer 1980, in two areas north of the 62nd Parallel. To date, the Government has not allowed petroleum exploration in these stormy, fish-rich waters. Its decision to do so now has aroused strong opposition from Norwegian fishermen, despite the promise of a special "oil fund" of NKr 35m annually, to compensate them for inconvenience they may suffer (including loss of some fishing grounds) when the offshore industry moves into northern waters. Opinion polls also show a popular majority against the move north. Opposition is strongest in the northern part of the country, where 44.6 per cent favour indefinite postponement and 15.3 per cent want a delay for a few years at least.

Approval

The proposal to permit northern drilling is subject to parliamentary approval. This is expected to be forthcoming, despite the opinion polls and the fishermen's protests. The fourth round allocations, moreover, will result in drilling activity soon — probably starting this summer. A well programme is prescribed for each concession, and on most of the eight blocks awarded the first well must be started in 1979. On the most promising block, 30/6, two wells must be completed this year.

A total of 15 blocks were offered in the fourth round. When the first eight were awarded in April, the Oil Ministry said that the other seven would not be distributed until results of drilling on the first eight were known. At the same time it pointed out that there had been few applications, "in some cases none," for certain of the remaining blocks. "The Ministry intends, therefore, to swop one or more of the remaining blocks with blocks not so far offered."

When applications for the 15 were invited in April 1978, the Government said these must be in by June 1, and that half the blocks would be allocated during the autumn. A decision about the awards was repeatedly postponed, however. Uncertainty about the outcome of the proposed cars-for-oil deal with Volvo of Sweden was one delaying factor. If the agreement had materialised, Volvo's newly-created oil company, Volvo Petroleum, was to have been given 10 per cent of two blocks and 2 per cent of a third.

Even after Volvo's shareholders rejected the co-operation plans in January the delays continued. An Oil Ministry announcement in February said extra time was needed to sift 40-50 industrial co-operation projects proposed by applicant oil companies. When it announced the round, Norway had promised to give priority to companies offering opportunities to Norwegian industry.

The large number of companies given stakes in the eight blocks—24 in all, including several newcomers to Norway's shelf—partly reflects the rewards given to companies which tried to promote some kind co-operation between themselves, or their country's industry, and Norwegian industrial firms. Eight of the 24 were named by the Oil Ministry in this connection—Amoco, Arco, Deminex, Elf, Shell, Superior, Tenneco and Union Oil. Several of the examples of co-operation mentioned by the Ministry were, however, projects still only in the discussion stage. Others were schemes made public long ago—such as a reduction plant for Norwegian iron ore pellets, fired by Ekofisk gas, being built at Emden in co-operation between Korf Stahl of Germany and the Norwegian State-controlled company Sydvaranger. In fact, in most of the deals listed by the Ministry, the Norwegian partners are State-owned or State-controlled companies. Other examples involve ASV, the aluminium group, and the State munitions and engineering companies, Raufoss Ammunisjonsfabrikker and Kongsberg Vapenfabrikk.

The whole concept of using oil concessions as "bait" for attracting new industry to Norway, or providing outlets for Norwegian goods, has been the subject of some debate in Norway. Its advantages were expounded in a recent Government White Paper, which said that the promise of regular supplies of North Sea oil could also be used to the same end.

The Norwegian Federation of Industry (NIF) has reservations about this strategy, however. While not entirely rejecting it, the Federation sees certain drawbacks, and feels that in many cases the same industrial advantages could be gained without linking specific projects to the award of stakes in offshore oil blocks.

"We do not regard the exchange of oil concessions . . . in return for the establishment of industrial jobs on shore . . . as some kind of 'open sesame' for Norwegian industry," said NIF spokesman Kjell Stahl Johannessen.

Mr. Johannessen, who heads NIF's oil and energy department, fears that oil-for-industry swops could saddle Norway with industry which is not viable in the long run, thereby delaying the necessary restructuring of the country's industry.

The best way the Government could help industry, through its oil policy, was by maintaining a high level of offshore activity at all times, he said. This would provide work for Norwegian industry. A comprehensive oil/energy strategy might involve lengthy negotiations (as with the unsuccessful Volvo project) which could actually delay the allocation of new blocks, thus curbing offshore activity.

The most controversial aspect of the fourth round allocations, however, is the very large role given to Statoil, the State oil company. It has been made operator on no fewer than three of the eight blocks, including the most promising of them—"silver" block 30/6, where Norsk Hydro had hoped for operator status (Hydro is to be operator on block 31/4, and Saga Petroleum, the other Norwegian company participating in the round, on 34/4). On all eight, the State company has a 50 per cent interest initially, and this can escalate to between 70 per cent and 80 per cent, depending on the size of eventual discoveries.

The licence terms stipulate that Statoil's partners on each block must carry the company's share of operating costs during the exploration phase. Norsk Hydro and Saga are partly exempted from this. Their contribution to meeting Statoil's costs is limited to half their own stake in the relevant blocks. They are not exempted from the sliding scale rule, however. Like the foreign oil concerns, they will have to give up part of their stakes in blocks where finds made are large enough to justify an increase in Statoil's share. This could be very hard on the two companies.

On block 30/6, for example, where Statoil has the right to raise its stake to 80 per cent, given a large enough find, Norsk Hydro has an initial stake of 12.5 per cent. This means that it could foot 18.75 per cent of the bill for exploration drilling and then—if a field as big as Ekofisk or Statfjord should be found—see its stake reduced to 5 per cent. Saga, with an initial stake of 7.5 per cent in the block, would be correspondingly affected.

Doubts

Norsk Hydro's negotiators must have found it hard to accept these terms. The Oil Ministry obviously had its doubts about them, too. It says that if exploitable finds are made both on the "gold" block (34/10 — already being explored, with Statoil as operator) and the "silver" block (30/6), and both should be developed at about the same time, then the Ministry will probably change operator status arrangements. Statoil would be operator on the block where development work starts first, and Hydro on the other. Though hydrocarbons have been found on 34/10, its geology has turned out to be more complicated than expected. Conceivably, 30/6 could be proved commercial first, despite the fact that drilling on this block has not yet got under way.

In addition to its privileged position in the fourth round, Statoil is to be given a "dominating" role north of the 62nd parallel, if and when petroleum exploration begins in these waters. This was made clear when the Government announced its plans for northern drilling.

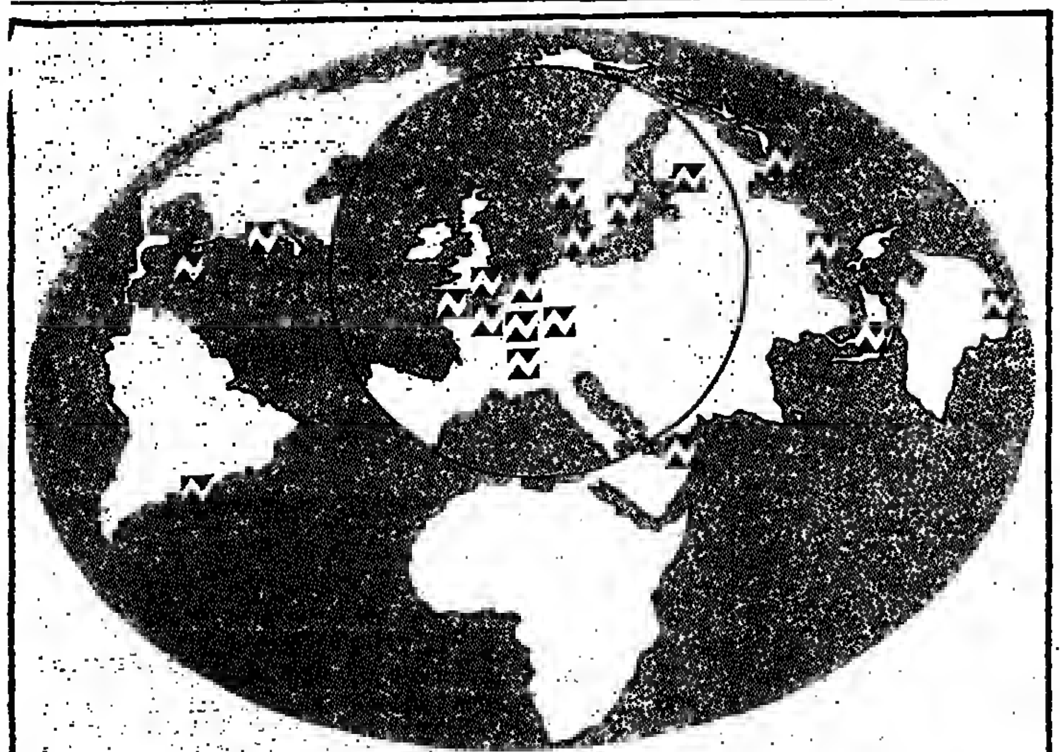
Many Norwegians are sceptical about Statoil's ability to cope with these enormous responsibilities. The company is, they point out, one of the world's youngest and smallest oil concerns. If it should make large finds on the blocks it has been awarded, and in addition begin exploration in the north, it might find that it had bitten off more than it could chew. One observer pointed out that as part of the abortive Volvo agreement, Volvo's experts were to have trained Statoil in "the organisation and administration of large projects." This training will now have to be acquired through trial and error.

Statoil itself has no doubt that it can cope. The day the fourth round allocations were announced, Statoil managing director Arve Johnsen told a press conference that the company could handle the development of "at least two extensive fields" in the 1980s, if this should be necessary.

Meanwhile, two fields are in production for Norway—Ekofisk (oil and gas) and Frigg (Anglo-Norwegian, gas only). Output from tha Norwegian sector this year is expected to reach nearly 40m tons of oil equivalent. The giant Statfjord field, which—like Frigg—straddles the boundary with Britain's sector, is due to come on stream at the end of this year, or early in 1980. Work has started on the field's second platform, Statfjord B. Most of the contracts for this have gone to Norwegian industry, thus temporarily providing jobs for hundreds of workers in the crisis-hit shipbuilding sector. The development of the smaller Valhall field, where Amoco is operator, is also yielding sought-after orders.

Because of the delay in allocating fourth round blocks, however, there will be a long break in Norwegian sector development activity after 1981, when most of the work on Statfjord B and the Valhall field will have been completed. The Aker group, one of Norway's leading offshore fabricators, has called for early decisions on a third platform for the Statfjord field, and the development of the golden block, to help provide continued employment for the industry.

Fay Gjester
Oslo Correspondent



New interest in foreign policy

NORWAY'S FOREIGN interests and commitments have swollen to a quite new amplitude in the 1970s: the expansion is unlikely to be reversed in the 1980s. Most conspicuous has been Norway's growing embroilment with the Soviet Union in the strategic waters to the north. The complications in relations with its big neighbour have resulted from the offshore oil discoveries, the extension of fishing limits and the increase in the strategic importance of the Soviet Union's giant military base on the Kola Peninsula.

These factors have led Norway into more frequent consultation with its western allies and to a reactivation of its NATO connection. But in addition to this intensified activity in its immediate neighbourhood, Norway has been playing a leading role in the Law of the Sea conference, has contrived to become something of a bridge-builder in the north-south dialogue between the industrial and developing nations, has been deeply concerned with African affairs and at the end of the decade is sitting on the UN Security Council. By supplying troops to the UN force in South Lebanon, Norway has also become involved in the Middle East.

It may justifiably be asked whether as a small country of 4m people Norway is over-extending itself. Mr. Knut Frydenlund, who as Foreign Minister for the past six years, has presided over this development rejects the suggestion that Norway is having to neglect more immediate issues because of its involvement in distant matters, but recognises that it may be reaching the limits of its capacity.

During the 1970s Norway became an oil and gas exporter and acquired the largest offshore economic zone in Europe. The peroleum discoveries have resulted in pipelines to Britain and to West Germany. In the 1980s decisions will have to be made about more pipelines and their landing points.

Exploitation of the oil has involved frequent consultation with Britain to solve practical problems. Competition for access to Norwegian oil and gas has intensified among the European countries. The discovery of petroleum north of the 62nd Parallel during the next decade will almost certainly result in development programmes involving Sweden and possibly Finland.

The introduction of offshore economic zones has involved Norway in negotiations with the EEC over both North Sea fishing and the scope of European trawlers' operations in the Barents Sea. Agreement with the EEC over North Sea fishing has been delayed because of the failure in Brussels to resolve the quarrel between Britain and the rest of the Nine into a common fisheries policy. This is a source of considerable irritation for Norwegian fishermen.

Oil and fishing are less dramatic aspects of Norway's ties with Europe than, say, the NATO link which Norway shares with several European countries, but they concern activities in which Norway looms large and in which it has developed its own national policies. Co-ordination of these policies with those of the other European nations illustrates the extent to which Norway has remained apart from Europe and yet is deeply involved with it in a many-faceted relationship.

Initiative

Earlier this year Mr. Frydenlund took the initiative in organising a debate on Norway's European policy in the Storting (Parliament). The immediate pretext was the EEC call for closer co-operation with the EFTA countries, of which Norway is a member. Mr. Frydenlund's deeper motive was undoubtedly to stimulate Norwegians' thinking about their relationship with Europe.

Attitudes have tended to become ossified since the 1972 referendum, which both kept Norway out of the EEC and was a searing political experience for many Norwegians. It will almost certainly go down in history as the crucial event in Norway's domestic politics during the 1970s.

Mr. Frydenlund's initiative in provoking renewed debate in no way implies that the result of the referendum can be reversed. Far from it, no Norwegian wishes to relive that political conflict. But throughout the second half of the decade the "bread-and-butter" relationship with Europe has been overshadowed by developments in relations with the Soviet Union, and it was certainly time to remind Norwegians of European interests, which also call for consideration and decisions.

Nevertheless, the unresolved issues with the Soviet Union are likely to dominate the first years of the 1980s. At the surface level these, too, concern oil and fishing, but the strategic interests of the Soviet Union give them a far more complex dimension. Negotiations about fishing quotas in the Barents Sea can impinge both on the Soviet Union's desire to keep military control over the approaches to the base on the Kola Peninsula, from which its strategic submarines carrying nuclear inter-continental missiles operate, and on NATO's need to secure its northern flank and the approaches to vital communication lines across the Atlantic.

After the introduction of offshore economic zones Norway secured a temporary agreement with the Soviet Union over the sharing of the Barents fish stocks and the control in the fishing area. This evaded the issue of the exact dividing line between the two zones by instituting a so-called "grey zone" of joint control.

Although an appendix to the "grey zone" agreement specifically stated that it would not be prejudicial to negotiations over the dividing line, many Norwegians feel that too much was conceded. Norway has claimed that the median line principle must be applied to the demarcation of the Barents Sea, while the Soviet Union has insisted on application of the sector line principle, which would move the division line much further to the west.

The "grey zone" covers a substantially greater part of the area claimed by Norway. The Norwegians have expressed their willingness to compromise over the dividing line, but so far in all contacts on the matter the Russians have refused to budge from their sector line claim.

The "grey zone" settlement, moreover, has not satisfied Norwegian Fishermen, who feel that follow-up agreements over quotas for cod and capelin fishing in the area have been to the Russians' advantage. The Norwegian Government is thus under some pressure domestically over the northern affairs. Norwegian public opinion is also very sensitive to indications of Moscow's big-power pressure in the area, such as the evasion of Norwegian administrative regulations on the island of Spitzbergen, where the Russians run a coal-mining operation.

The Russians have also so far refused to accept the fisheries protection zone which Norway has declared around the Svalbard (Spitzbergen) Islands. Although their fishermen do not appear to be deliberately flouting Norwegian fish conservation rules, they do not report their catches.

The most recent development in the Soviet relationship has involved complaints from Moscow, reflected even more strongly in the Russian Press, about the decision to hold in Norway heavy equipment for the NATO forces which would reinforce Norway's defence in an emergency. This pre-stocking is part of the improvement to its northern flank preparedness which NATO has been undertaking in response to the improvement in the quality and striking power of the Soviet forces in the area.

Norway remains firmly committed to the NATO alliance, which it joined at its inception in 1949. This is regarded as the cornerstone of its security policy and as a vital supporting factor in the sensitive negotiations with the Soviet Union over the complex northern issues. Norway's NATO membership is also an element in the prevailing "Nordic balance," of which the other elements are Sweden's armed neutrality and Finland's treaty with the Soviet Union.

During the 1970s Norway's security policy, the goal of avoiding tension in the Nordic area, and the promotion of national fishing and oil interests have evolved into an entirely new diplomatic complex, which is bound to make great demands on its foreign political skills in the 1980s.

W. D.

Aluminium in demand

ALUMINIUM IS one of the few bright spots in the Norwegian industrial picture at the moment. World demand for the metal is growing (Norway exports around 90 per cent of its primary aluminium output). At the same time, in many parts of the western world, construction of new plant is inhibited by rising power prices and the heavy cost of meeting ever-stricter environmental rules. Labour costs are high in Norway, and environmental rules are tough. But the hydro power which operates Norwegian smelters is still reasonably cheap by world standards. How long it will remain so depends largely on energy policy decisions which the Government has yet to make.

Norwegian output of primary metal last year reached nearly 640,000 tonnes—the highest for any year since the record of 648,000 tonnes set in 1974. Moreover, last year also saw a rise in exports—in contrast to 1974, when exports slumped and ingot inventories rose. Shipments climbed to around 575,000 tonnes—about the same as in 1973, the previous record year. World prices also improved, although this improvement was partly offset, for Norwegian producers, by the fall in the value of the dollar—aluminium export contracts are mostly fixed in dollars.

Four companies account for almost the whole of Norway's aluminium production. They are: Årdal og Sunndal Verk (ASV), at present owned 75 per cent by the Norwegian State and 25 per cent by Alcan; Mosjoen og Lista Aluminiumverk, owned 55 per cent by Elkem-Spigerverket (ES) and 45 per cent by Alcoa; Karmøy Fabrikker, wholly-owned by Norsk Hydro, in which the State is a majority shareholder; and Sør-Norge Aluminium, 80 per cent owned by foreign interests, chiefly *Alusuisse*. Norsk Hydro holds 19.5 per cent of the remaining shares, having acquired them three years ago from Den norske Creditbank.

Where downstream integration is concerned, only ASV and Norsk Hydro have fabricating plants in Norway. Elkem-Spigerverket's smelters export all their metal—chiefly to plants in Britain and the Netherlands owned by Alcoa's UK and Dutch subsidiaries, in which ES has a 25 per cent stake. Sør-Norge Aluminium also exports all it makes—with most of its output going to fabricators within the Alusuisse group.

At the end of last month the Norwegian Government announced that it had agreed with Alcan on the resale to Norway of Alcan's 25 per cent stake in ASV, for a price of $70m. The deal, though formally subject to approval by the Storting (Parliament) and Alcan's Board, is virtually certain to be finalised before the end of June.

Unwilling

Alcan bought a 50 per cent stake in ASV in 1966, and sold half of this back to Norway in 1974. It was then unwilling to resell its entire stake, as the Norwegians wanted. It has reportedly changed its mind now because it disagrees with ASV's (and the Norwegian Government's) policy of expanding fabricating capacity in Norway.

ASV, the country's largest primary aluminium producer, has about half its 7,000 employees engaged in further processing. At a number of wholly or partly-owned plants in Norway, Sweden and Denmark, it makes *semis*—plate, sheet, strip, circles and extrusions—and finished goods, ranging from building materials through kitchenware and packaging to snow fences, boats and aluminium castings. Last year, output of semis and finished goods at its plants in Norway rose to 48,000 tonnes—3,000 tonnes up on a year earlier. Overall (including production outside Norway), it processed about 20 per cent of its metal output. Several of the group's Norwegian fabricating plants made significant losses in 1978, however. Because of Norway's price freeze, those selling most of their output on the domestic market were unable to raise prices to offset a steep increase in costs. They faced stiff competition from imports of cheap products, which ASV says have been rising in recent years.

Norsk Hydro has semi-fabricating capacity in Norway and abroad for practically all the primary metal it produces. Facilities include a rolling and wire rod mill at Karmøy and eight extrusion plants (one at Karmoy), situated in the major markets in Scandinavia and the rest of Western Europe. It has a Belgian subsidiary, Hydalu, which manufactures solid conductors, and at Karmoy it is a 50/50 partner with Standard Telefon og Kabel (an ITT subsidiary) in Norcable A/S, a company making cable cores and insulated overhead cable for electric power transmission.

Two of the four major companies have plans in hand to expand primary metal capacity. ASV has just embarked on extension of its Høyanger facility, which will raise capacity from 20,000 tonnes per year at present to 63,000 by 1981. A second phase of expansion, still in the planning stage, would boost capacity by a further 17,000 tonnes to 80,000 tonnes.

Norsk Hydro, which bought out its U.S. partner at Karmoy, Harvey Aluminium, in 1973, is seeking Government planning permission to increase capacity at Karmoy Fabrikker from 110,000 to 157,000 tonnes per year.

There are several factors discouraging ambitious expansion plans in the industry at present. One of them is uncertainly about the Government's future electricity pricing policies. An ample, increasing supply of cheap hydro power, for which there was no other obvious use, was what originally attracted the international majors to build smelters in Norway. Now hydroelectric development has become a political issue, with the country's powerful conservationist lobby fighting every major scheme that is proposed. Moreover, the cost of adding new capacity to Norway's hydro power network is climbing as steeply as that of all other industrial construction.

The Government has proclaimed (in a recent White Paper on *energy saving*) that electricity prices for household, business and general industrial use must gradually be brought more into line with what it actually costs to produce these extra *kWh*. Where the power intensive industries (including aluminium) are concerned, the Government has reserved its position. It will take no action until it has considered the report of a *Royal Commission* now studying the effect that power price increases could have on these industries.

Some Norwegian economists—backed by a former director of the Norwegian *State* Electricity Authority would like to see the power intensive industries actually cutting back production. They argue that these industries are being subsidised by other electricity users—that they should be encouraged to contract, releasing some of the power they use for sale at more "economic" rates.

Aluminium industry sources dismiss these arguments as "too theoretical." The power intensive industries do not simply convert electricity into metals and chemicals, they point out. These industries constitute stable elements in the nation's economy, earning export income and providing not just jobs but an industrial environment in which knowhow and technology can be developed.

"Luckily for us, our politicians take a more realistic view of this than the economists," one source said. "We believe we are here to stay. On the other hand, we realise that as we see our power situation today we have only modest prospects for increasing capacity."

Mr. Haakon Sandvold, ASV's managing director, sees future large-scale expansion in the industry taking place in parts of the world where there are still extensive undeveloped resources of hydro power.

The export of knowhow to such new plants could become a profitable sideline for Norwegian aluminium companies. ASV recently won a contract worth NKr 5m to supply basic technology to a Bahrain aluminium producer, Alba, which is planning to expand capacity to 162,000 tonnes annually from 120,000 tonnes at present. The technology package Alba is buying includes ASV's methods for applying computer programming in the design of aluminium reduction pots and in control of the production process.

Meanwhile, Norwegian aluminium producers will grow slowly — increasing primary metal capacity by perhaps 20 per cent over the coming decade, Mr. Sandvold believes. Where further processing is concerned, scope for expansion within Norway is limited by economic factors—some products have to be made close to the customer. Car parts appear to be a speciality which can profitably be made in Norway, for export, and ASV is putting much effort into this field at the moment. In co-operation with two State-owned munitions and engineering companies (Kongsberg Vapenfabrikk and Raufoss Ammunisjonsfabrikker) it has formed a joint working group to study new uses for aluminium in automobile components.

Fay Gjester

Industry seeks an 'alternative'

LAST YEAR was one of the worst since the second world war for Norwegian industry, Mr. Olav Haukvik, Minister of Industry in the Labour Government, said recently. The Federation of Industries would agree with bis assessment and there might even be a meeting of minds over the reasons for the setback. Differences arise over how to deal with the problem.

Not surprisingly the Ministry tends to emphasise the continuing need for public "steering" of industry and the concentration on large projects which has turned Norway into an advanced industrial nation since the war. The aborted agreement under which Norway would have taken a 40 per cent stake in Volvo, the Swedish car and truck company, is an example of its thinking.

The federation wants public control and guidance reduced. The programme outlined in its publication "Norwegian Industry in the 1980s" at the beginning of this year was in no way revolutionary. It asked basically for a return to the old division of functions between Government and companies, in which the authorities concerned themselves with general industrial and economic policy and business was allowed to get on with the job of creating added value.

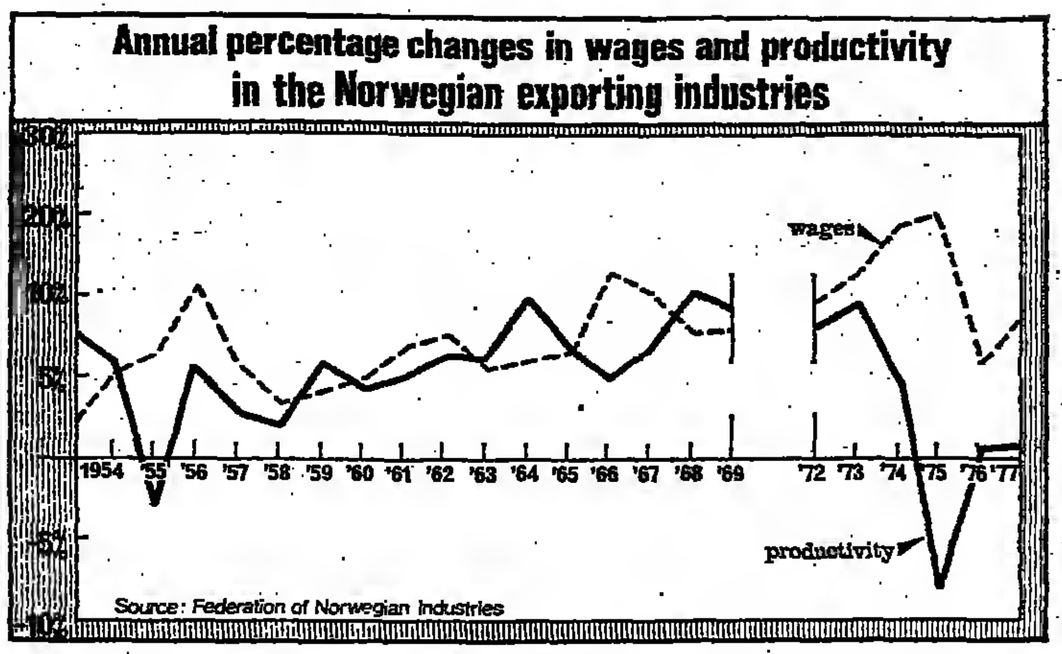
Norway has less nationalised industry than, for example, Britain, but government direction of industry has been strong, partly through its control of the cheap power sources on which the core of Norwegian industry is based and partly through its use of credit policy instruments. The result has by no means been negative. Only Japan has had a higher rate of industrial investment since the war but the effect has in at least one important instance been typical of a planned economy: Norwegian industry is characterised by high investment and low profitability.

The Federation has also documented a substantial advance in state ownership of industry during the 1970s. The state share of industry's total share capital rose from 18 per cent in 1970 to 30 per cent in 1978, and state companies occupy key positions. These figures, it should be noted, exclude the oil sector in which, through Statoil, the state has a dominant interest. The Labour Government retorts that the state share of indnstry has had to increase because private enterprise has not been vigorous enough in developing new technology and creating more jobs.

The argument concerns—as in so many other countries where social democrat welfare policies have prevailed—the balance between the state and private business within the mixed economy. The Ministry of Industry remains deeply committed to the selective instruments it has developed to control industry. Both it and the trade unions regard the primary function of industry as the creation of employment. The Federation wants the Government to lift its hand and give greater play to the market mechanism.

The Labour Government has recognised that it has gone too far in taxing industry in order to pay for the expansion of the social services. It is apparently ready to reverse direction, a move which would be logical enough if the revenue from North Sea oil can gradually take over some of the costs of the services. It is also reducing its support for ailing companies and has accepted the need for greater labour mobility if the growth of viable companies is not to be inhibited.

But, as the Volvo venture showed, it is still intent on direct intervention. It is willing to "adjust" its selective policies while it still wishes to channel investment into the branches it chooses as most likely to provide future growth. This attitude is illustrated in the oil-for-industry trade-off which the Government has been trying to pull off in its attempt to link the allocation of oil concessions to foreign companies with commitments from companies or countries concerned to enter partnerships with Norwegian industry.



Focus

Industry is currently the focus for more political attention in Norway than at almost any time since the immediate post-war years, but so far confusion prevails over both ends and means. The Government has promised that better working conditions, including lower operating costs, will prevail for industry in the 1980s. Recently it removed an investment tax as a harbinger of its intentions, but clearer commitments on future policy are needed both from the Government and the trade unions.

When he called 1978 one of the worst post-war years for Norwegian industry, Mr. Haukvik was referring to earnings. The total operating profit achieved by manufacturing companies was just under NKr 5bn compared with around NKr 7bn in 1974 and 1975. The decline from 1977 to 1978 was exceptionally large. A survey carried out in January by the Central Bureau of Statistics indicated that one in five of the country's 600 largest industrial and mining concerns expected to record a loss for 1978.

Equally alarming has been the fall in capital spending within industry. The Industry Minister anticipates a reduction of some 30 per cent in investment during 1978 and 1979, half of which can be attributed to the completion of the petrochemical complex at Rafnes, but a fall of 7.5 per cent in investment by traditional industry for the second year running reflects the business climate.

The causes of Norwegian industry's poor recent performance have been documented both in Norway and in the latest review by the OECD. The steep wage increases from 1974 and the pressure on companies not to lay off workers during the recession pushed up unit costs and produced a decline in productivity. Labour costs per unit produced climbed by as much as 23 per cent in the 1973-77 period after adjusting for exchange rate changes.

Over the past two years relative costs have improved considerably, helped by declines in the trade-weighted value of the krone, but Mr. Knut Getz Wold, the governor of the Bank of Norway, calculated recently that Norwegian industry's relative costs would still be 14 per cent higher at the end of this year. Against this be placed the stock of reserve labour of about 30,000 persons, or some 8 per cent of the workforce, on which industry can draw immediately should demand increase. Company executives, however, wait anxiously to see what will happen when the wage and price freeze is lifted on January 1.

Employment in industry, which hovers around the 400,000 mark, declined by about 10,000 between 1976 and 1978. The biggest fall came within engineering, which was selected in a Government White Paper published as recently as 1977 as one of the growth braoches. The authors were too optimistic about the prospects for the shipyards, which are now expected to lay off 5,000 workers in 1978 and 1979.

In the middle 1970s the Labour Government was stressing its intention of using the revenue from North Sea oil to build up an "alternative industry" which would secure the Norwegian people's living standards when the oil eventually ran out. As a high-cost land Norway would have to invest in advanced technology. In addition to the engineering branch, mentioned above, electronics was seen as a potential growth point.

Tandberg

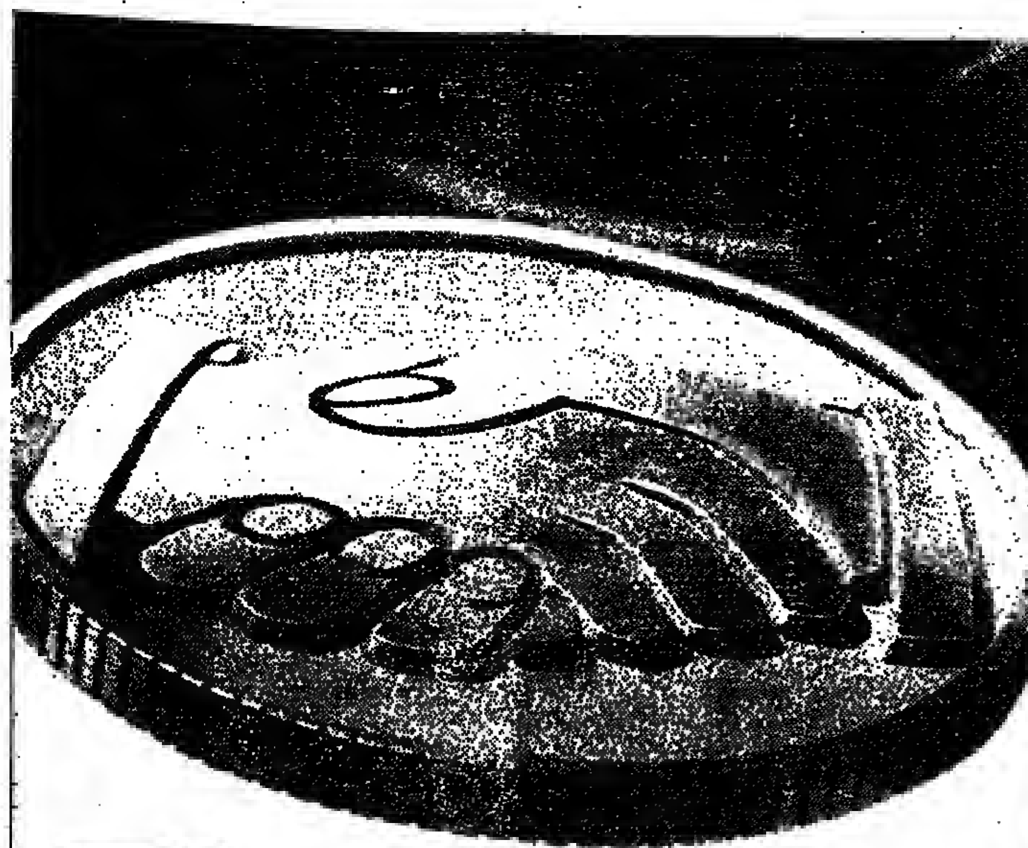
The collapse of the Tandberg Company and the Government's tragi-comic travails in dealing with that situation have reduced interest in electronics, although some companies producing communications equipment would seem to have a future. Asked to pinpoint growth branches, Government officials now mention related industries and aluminium processing. The first is a tacit admission of failure since the intention was to find an "alternative" to oil.

The second is a return to one of the power-consuming branches which headed Norway's industrial growth in the post-war period. Recently, firstly in connection with the aborted Volvo venture and then in discussion with European car manufacturers, the Government has been trying to promote the manufacture of aluminium and composited (metal and plastic) components for the transport industry by the Norwegian aluminium-processing companies, most of which are state-owned.

Some agreements have been signed with West German car companies, and the Norwegian Industry Ministry is optimistic, but there is an inherent conflict between the Government's job-creating approach and the profit pursuit of the companies which has yet to be resolved. This is a similar difference of emphasis to that prevailing between the Industry Ministry and the Federation.

More and more Norwegian economists agree that the chances of building the "alternative" industry depend on an improvement in the general competitiveness of Norwegian business rather than on energetic Government attempts to promote selected branches. Shipbuilding will have to be scaled down, a few more outdated pulp and paper mills closed and some mines abandoned, but many engineering companies and those based on high power consumption, such as the ferro-alloy producers as well as the aluminium processors, have the technology to compete on world markets. The question is whether a political change will be needed to give them their chance.

W. D.



A fleet in danger

THE NORWEGIAN shipping community is far from unanimous in its assessment of the industry's prospects in Norway, following five years of crisis. The president of the Norwegian Shipowners' Association, Mr. Niels Werring Jr., is among those who are cautiously optimistic.

Opening the Nor-Shippiog Exhibition in Oslo last week, Mr. Werring pointed to the recent rise in second-hand ship values and the improvement in freight rates. The Norwegian laid-up fleet was shrinking — though this partly reflected heavy sales abroad. In the 15 months to March 31, 257 Norwegian ahips totalling 5.8m deadweight tonnes were sold tu foreigners. This brought the foreign-goiog fleet to around 900 sbips, totalling some 40m dwt.

Norway's high cost levels have heen a problem for Norwegian-flag operators, but here too things seemed to be improving, Mr. Werring said. Owners had reached agreement with the seamen's union on substantial manning reductiooa, and the current Norwegian price and incomes freeze was bringing Norway'a cost levels more into line with those of its competitors.

A similar optimlstic note was struck by the Deputy Minister for Trade and Sbipping, Mr. Per Martin Oaelberg, when he opened a seminar at the exhibition on "Opportunitles in a had market." Recent developments had been promising, he said. "For the first timc we have the feeling that we can see light at the othcr eod of the tunncl."

The seminar itself, however, revealed deep disagreemeot about tbe outlook for Norwegian shippers. The disagreement was evident among the members of the panel, which included a shipowner representing one of the relatively few Norwegian shipping companies currently making profits, a Norwegian-American business consultant, the managing director of an Oslo shipbroking company and a Finnish merchant navy captain. It was also reflected in the questions from an audience in which Norwegian sbipping company representatives accounted for about 80 per cent of those present.

The shiphroker argued that there was little future for Norwegians as operators of big tankers or big bulk carriers—a discouraging forecast, seeing that tankers and hulkers account for 90 per cent of Norway's present merchant tonnage. Running these ships was essentially a low-technology business, be said, wbich would have to he left to the operators with the lowest costs. Banks would give finance for such ships to the companies which could convince them that they were the cheapest in the market.

Not so, said the panel's shipowner. What about pollution risks and the pressure from IMCO to eliminate sub-standard ships? The operation of tankers was far from simple. A lot of knowledge was needed, both on board and ashore—not least because of the hazards involved. Tbc growing pressure to raise tanker standards could help high-cost countries, he believed. Oil companies worried about their public image and were willing to pay more for extra safety.

Anolher panel member predicted that tha relative amount of oil coming on to the spot market would shrink, partly because many oil companies wanted to cover a larger part of their transport needs with their own ships, and partly because producer countries were seeking to integrate forward, buying tbeir own tanker fleets. Norway used to be a lower cost operator thap many of its competitors. This was no longer the case, so tbe opportunities for Norweglaos were bound to diminish.

In thc past, Norway's shipowners have mainly concerned themselves with acquiring and operaliog ships, leaving the markeliog side to the brokers. Today, tbe companics likely to survive are those wbo can spot an existing or a developing reqnirement for transport services, devise a package to meet the requirement aod sell it to the users. Only fairly large companles can afford the expertise and administration needed to do this. The small Norwegian companies, owning only two or three vessels, will bave to join forces with larger ooes or sell out, it was predicted.

A frequently-advocated solution to Norway's high cost problem is for the Government to allow owners to register more of their ships under foreign flag—so-called "flagging out." Norwegian shipping expertise can more easily attract financing under foreign flag operation because of the big savings on costs.

To date, the Government's policy on flagging out has been restrictive because of the threat to seamen's jobs. It was slightly modified some months ago to allow "temporary" flagging out if this would enable an owner to sell his ship at a better price later on.

In practice, many Norwegian shipowners have simply sidestepped the regulations—by aelling vessels abroad and chartering them back from the foreign buyers. Under the foreign flags costly Norwegian crews can be replaced by much cheaper ones—often from developing countries. The Norwegian officers are usually retained, and the ships continue to be administered from Norway. Another alternative is that a foreign buyer will pay more for a ship bought under a "charter back" deal.

Because most of Norway's fleet is engaged in cross trading—carrying cargoes between other nations—Norwegian shipowners have always been worried by proposals to restrict free competition on the world freight market. One such proposal is the 40-40-20 liner shipping code put forward five years ago by UNCTAD (UN Conference on Trade and Development). The code says that the ships of importing and exporting countries should handle most of the cargo traded between them on liner routes—40 per cent each. Only 20 per cent would be left for cross traders.

The 40-40-20 split-up is designed to help developing countries build up their merchant fleets—a goal which Norway accepts (at least in theory). The code will not take effect, however, until it has been ratified by nations owning at least 25 per cent of the world's liner tonnage. The developing companies have signed in large numbers, but most shipowning nations have held off—so far.

At the time of writing it seemed likely that a compromise solution would be tabled by most of the OECD countries during the UNCTAD Five conference in Manila. The compromise—finally approved last week by the EEC—would give developing nations the right to carry 40 per cent of their cargoes in liner trade with industrialised countries. The latter, on the other hand, would be granted no such quota—they would have to compete for cargoes on the open market with the cross traders.

By their partial acceptance of the 40-40-20 code, in liner shipping the western countries hope to parry possible future Third World demands that the code should be extended to cover tanker and bulk shipping as well. Any move on these lines would spell the end of Norway's tanker and bulk fleet.

Among other problems worrying the industry is the steep rise in bunker prices. Several Oslo sources suggest that the increases could lead to the introduction of new ship types. "A lot of existing hardware could become obsolete much sooner than we have foreseen," is one comment.

The merchant ship of the future will have to be tailored for far greater economy of bunker consumption. This is likely to affect the design of hulls, engines and ship hardware generally.

Continuing world shipyard overcapacity is another headache. Although some countries—Japan is an example—have cut building capacity drastically, many governments around the world are still helping their crisis-hit yards with cheap credit and subsidies in the struggle to secure the few contracts available. This could tempt owners to order ships that the market does not really need, thus prolonging the tonnage surplus which has plagued the industry for the past five years.

F. J.

New banking law still in doubt

FOR THE past year and a half, Norwegian banks have been operating under the provisions of a controversial new law intended to make them more "demncratic." The law bas had little effect on the banks' day-to-day workiog, but it bas put shareholder-elected members in a minority on the banks' representative councils (whicb elect their boards). The majority is now made up of members appointed by elected politicians—MPs or county councillors. Some members are elected by the banks' employees.

Because the law effectively deprives shareholders of their control over the banks, it also gives them the option to sell their shares to the State, if they wish, at a price set by the terms of the law. Some haok shareholders have done so already, though the option to sell is open until thc end of 1980. Most of the selling bas been by shareholders of banks which turned in particularly poor results for 1978.

A Supreme Court decision expected this month could put the wholc future of the new measure In doubt. A group of 68 bank shareholders who are challenging its constitutional validity won a partial victory in December, when Oslo's municipal court ruled that the law gives inadequate compensation to shareholders who want to sell out to the State.

The 68 who hrought the case were seeking full compensation for their stakes in the banks—that is, compensation based on the banks' total assets. The compensation offered by the law is a figure based on the shares' market price on January 1, 1978 (the date the measure took effect) or on the average price over the preceding three years, whichever is the higher. On top of this comes the part of the year's dividend assumed to have heen carned by the date the sale takes place.

The Oslo court did not accept the sharcholders' claim for full compensatiun. It did, however, rule that compensation based on the shares' average price over the three years 1975-77 would he unfairly low—because bank share values hegan falling from October, 1973, when the Labour Government was returned to pnwer and announced its plans to "democratise" the banks. Since the new law in fact expropriated the bank shares, sharehnlders were entitled to fair compensation. This would have to be fixed by a body of experts. In each case, it would have to be based on the bank's financial situation in the period preceding January 1, 1978, and should correspood to the market price the bank's shares would have fetched then if the law bad not been passed — not at all an easy figure to assess.

Both the state and the shareholders appealed against the municipal court verdict. The shareholders were dissatisfied with the compeosation suggested, and the State contested the view that the law involved a *de focto* expropriation of bank shares.

Whatever the Supreme Court rules, there is quitc a good chance that the measure will have to be returned to the Stortiog (Parliament) for modification. If the court upholds the Oslo verdict, the Storting will bave to revise the law's compensation provisions accordingly. The same thing will happen if the court should accept the sbareholders' appeal for compensation based on the banks' total assets. In this case, the Stortiog might well decide to repeal the law, rather than pay the very large compensation involved. In either of these two cases, extra time would be needed to work out shareholder compensatiou. The option to sell would have to be extended — probably at least until end-1981. But September 1981 will bring the next parliamentary elections, and quite possibly a change of Government. With a non-Socialist Government in office, the law would almost certainly be amended anyway, to put shareholders back in a majority on representative councils. The whole compensalioo issue would then disappear.

Some banks took heavy losses on their loans to business, industry and shipping last year — a result of the harsher economic climate, and the prolonged crisis in the shipping sector. Rumours that certain banks' dividends for 1978 would be cut, or even skipped, led early in the year to considerable selling of shares in these banks. Most strongly affected by the trend was Bergen Bank, the country's second largest commercial bank, which lowered its 1978 payout to 6 per cent from 9 per cent a year earlier. More than 5 per cent of the bank's shares have now heen aold to the Bank of Norway (which buys on the State's behalf). This makes the state Bergen Bank's largest single shareholder.

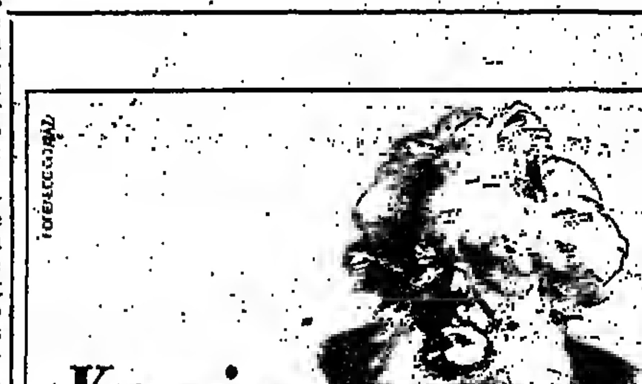
Den norske Creditbank (DnC), Norway's largest commercial bank, has tried to curb the trend by offering to help its shareholders place their DnC shares on the open market, if for any reasoo they sbould wish to sell them. In fact, few of this bank's shareholders bave been selling to the Bank of Norway. The market price for DnC shares bas been running well above the State buy-back price, fixed in accordance with the "democratisation" law. DnC turned in a very satisfactory result for 1978, with net profits up to NKr 102.2 from NKr 85.3m a year earlier.

Meanwhile, both the commercial and savings banks have been playing their part in enforcing the credit squeeze announced by the Government over a year ago, in a drive to improve Norway's payments position. Loans to finance consumer buying were cut by an estimated NKr 2bn in 1978, and a further reduction of NKr 500m is planned for this year.

Combined with the effects of the recession generally, the squeeze has had its effect. Private consumptinn fell last year by around 2.5 per cent. Most marked was the impact on buying of expensive consumer durables sucb as cars (aales down by almost half from 1977) and furniture (down by around 20 per cent). Norway's trade gap (goods and services) shrank last year to NKr 2bn from nearly NKr 20bn in 1977. This year, the balance of goods and services is cxpected to sbow a slight surplus for the first time since 1972.

The large share of the total credit market held by Norway's State banks (special-purpose hanks providing cbeap loans to certain sectors of the economy, such as industry, housing, farming and fishing) continues to worry private bankers. The State share is still growiog, because the private banks are curbing the rise in their lending more sharply than the State haoks. Lending by the savings and commercial banks this year will increase by only NKr 5.5bn—the same rise as in 1974. The scheduled increase in lending by the State banks is NKr 11bn—three times as great as the increase in 1974. The Government has said it would like to see a better balance between the two groups "in the longer run." There seems to be no prospect of this in the immediate future, however.

F. J.



World soya output rise forecast

WASHINGTON—A rise in world soyabean output in the 1979-80 season to between 79.6-89.6m tonnes compared with 74.3m in the 1977-78 season, is forecast by the U.S. Agriculture Department.

In a foreign agriculture circular on oilseeds and products, the USDA said the increased output results from an expansion in area to soyabeans in the U.S., Brazil and Argentina.

The USDA said the record 1978-79 world soyabean crop will more than offset reduced output of cottonseed, copra and flaxseed. Combined output of major oilseeds and copra is put at 159.4m tonnes against 151.1m in 1977-78.

World output of protein meals this season is now projected at 86.5m tonnes compared with 82.3m in 1977-78.

Total output of fats and oils is put at 54.9m tonnes against 53.1m produced in 1977-78.

Reuter

Mixed trend at hides sale

By Our Commodities Staff

THERE WAS mixed reaction at Leeds hides auction to the sudden jump in prices at the Birmingham sale last week.

Heavyweight ox and cow hides held up at the higher level, but the lighter weight ox hides showed a sharp downward trend. Ox hides of 21.5 kg and under were sold at 131p a kg, 10.6p lower than last week. But 22-25.5 kg hides were withdrawn at 113.5p, 14.8p down and 26-30.5 kg hides at 112p, 5p lower.

Buyers showed distinct reluctance believing last week's dramatic price rise to have been overdone, and the lower trend is expected to be confirmed at the Manchester sale today.

Ghana cocoa purchases

ACCRA — Ghana main crop cocoa purchases last week totalled 542 tonnes, the Cocoa Marketing Board announced here.

This brings the cumulative total after 31 weeks to 248,589 tonnes.

The Board gave no comparative figures for the same week of the 1977-78 crop. Purchases for the whole main crop season ending May 4, 1978, were 263,214 tonnes.

Coffee market falls as Uganda resumes trade

BY RICHARD MOONEY

SHIPMENTS of Ugandan coffee through the port of Mombasa resumed yesterday following the interruption caused by the Tanzanian invasion which overthrew President Amin.

But a Coffee Marketing Board spokesman said the force majeure imposed on April 4 had not been lifted and that the shipments would be used to honour outstanding contracts first.

The spokesman could not estimate how much coffee the Board was holding in Mombasa warehouses but he thought London trade reports that the total could be as high as 15,000 tonnes were probably exaggerated.

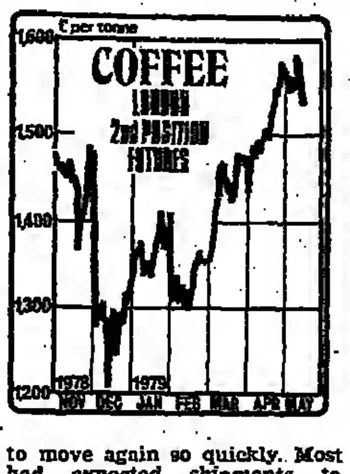
Meanwhile Zairian coffee is being airlifted to Mombasa at the rate of about 34 tonnes a day, London traders said. They added, however, that the flights tended to be sporadic because of persistent fuel supply problems.

The present situation did not warrant movement of coffee by either rail or road from Zaire through Uganda and Kenya to Mombasa, they said.

The traders were surprised that Ugandan coffee had begun to move again so quickly. Most had expected shipments to remain idle for at least another month.

They said Ivory Coast and Cameroons coffee had been "pumped" into the London market to fill the gap left by Uganda and the Ugandan coffee now being shipped might prove too much for the market to absorb.

But they thought yesterday's price decline, which pushed July delivery coffee down £21 to £1,537.5 a tonne at the close



(after £1,527 during the day) was influenced more by general producer selling than by the Ugandan shipments news. The late recovery was put down mainly to producer buying.

The main influence holding up coffee prices now appears to be nervousness ahead of the Brazilian frost season. Serious frost risks are not expected until late next month but dealers are nevertheless reluctant to sell coffee.

Meanwhile figures released in New York show that U.S. coffee companies roasted about 4.555m bags (60 kilos each) of coffee during the first quarter of this year compared with 4.467m in the corresponding period of 1978. In the final quarter of 1978 U.S. roastings totalled 4.497m bags.

Coming on top of encouraging EEC coffee consumption figures released earlier this month the U.S. roastings total tends to confirm hopes of a brighter outlook for world coffee demand. The U.S. and the EEC are the world's two biggest coffee consumers, sometimes accounting for as much as 80 per cent of world demand.

'Tories favour whaling ban'

BY RICHARD MOONEY

THE CONSERVATIVE Party is in favour of an international ban on whaling, the Friends of the Earth conservationist organisation said yesterday.

In a statement issued on behalf of six leading conservationist organisations FoE quoted from an unpublished document which said that the Conservative Party was "in favour of a moratorium on commercial whaling for a limited period."

This document was issued to Conservative candidates during the General Election campaign to assist them in answering questions on party policy.

A Tory researcher who helped to draw up the document, entitled Questions of Policy, said yesterday that while the statement on whaling expressed the basic view of the party it did not constitute government policy.

He said the matter would have to be studied more deeply, taking into account the implications for all interested parties and the availability of substitutes for whale products before a firm government policy could be formulated.

Neither Mr. Peter Walker, the Agriculture and Fisheries Minister, nor Mr. Alick Buchanan-Smith, the Minister in charge of whaling policy, has yet offered an opinion on the need for a moratorium.

But Mr. Tim Clarke, the FoE's wildlife campaigner, said conservationists were greatly encouraged by the stated attitude of the Tories. "The case for a moratorium is stronger than ever," he said.

Pressure for a moratorium will certainly be stronger than ever at the annual meeting of the International Whaling Commission which is to be held in London from July 9 to 13.

Three separate moratorium proposals are on the agenda. The U.S. has called for a halt to commercial whaling for a limited period; Australia is seeking a total world-wide ban; and the Seychelles, the Commission's newest member, wants whale hunting to be stopped for three years.

A similar proposal was tabled at last year's Commission meeting by Panama but this was withdrawn at the eleventh hour amid rumours of commercial pressure from Japan—the world's second biggest whaling nation after the Soviet Union.

Conservation groups are planning a mass rally in Trafalgar Square in protest at the continued hunting of whales on the day before the meeting starts. Sir Peter Scott, David Bellamy and Spike Milligan have agreed to speak.

Inco refuses to improve pay offer

By John Edwards, Commodities Editor

HOPES OF an early end to the eight-month strike at International Nickel's Sudbury mines faded yesterday when the company said it was not prepared to increase its offer on terms of new labour contracts.

Inco said it was willing to return to the bargaining table to discuss shifting terms of the tentative settlement reached by the bargaining committee. But it was not prepared to exceed the already heavy cost of the proposed settlement, which was rejected by 57 per cent of the workers in a ballot last weekend.

Gilbert Gilchrist, leader of the union negotiators, said the rejection vote gave the union a mandate to negotiate a better deal. However there is no news yet of any date being set for a resumption of talks between the two sides.

Free market nickel moved up again on the London Metal Exchange yesterday gaining £25.5 to £2,342.5 a tonne. But copper prices, after opening higher, were hit by a new wave of speculative selling in the afternoon when the New York market opened lower than expected.

Lead prices rose on renewed speculative buying interest, and covering of previous sales.

Platinum and silver both eased on profit-taking sales after Tuesday's peak levels, but were held up by the advance in gold.

EEC sugar exports cut

By Our Commodities Staff

EXPORTS OF white sugar authorised by the EEC Commission at its weekly tender fell to 32,100 tonnes yesterday compared with 48,000 tonnes a week ago.

But sales of 10,000 tonnes of raw sugar were agreed against none last week.

The maximum export rebate was cut to 30.718 European units of account for white sugar but raised to 26.948 for raw sugar exports.

The cutback in EEC exports had little impact on the world market.

UNCTAD CONFERENCE

Council warns of fall in world wheat output

BY PHILIP BOWRING IN MANILA

WORLD WHEAT production this year will be lower perhaps "much lower" than the 1978 record crop of 440m tonnes, Mr. J. K. Parotte, executive secretary of the International Wheat Council, forecast here.

He said that present indications were for a crop in the 400 to 410m tonnes range. This followed substantial reductions in production in the USSR and Australia, which were not being offset by an increase in U.S. production.

Mr. Parotte warned that as a result it was urgent that the progress made so far towards an International Wheat Agreement was quickly followed up. Otherwise the changed supply and price situation might lead to a "revision of the bases" so far agreed.

He hoped that the meeting in London in late June of the International Wheat Council would give impetus to a quick resumption of the International Wheat Conference.

Mr. Parotte said there were three main outstanding questions to be settled on the wheat trade convention. They were aimed at achieving security of supply and stability of price.

They were: The level of the "trigger" prices for accumulation and release of reserve stocks. Exporting countries had suggested levels of $140 and $200 a tonne respectively, but developing importing countries considered these too high.

The size of reserve stocks. So far commitments of 20m tonnes had been made but many believed that 30m tonnes was needed.

Special treatment for developing countries. In principle it was agreed to provide help for accumulation and storage of reserve stocks, but levels had not been agreed. However, the International Monetary Fund was prepared to finance stocks and the World Bank to fund buildings for storage.

Mr. Parotte also called on more countries to come forward as food aid donors, singling out OPEC members. So far, he said, the commitments of 7.6m tonnes had been made, against a 10m tonnes target.

Meanwhile in Washington the U.S. Department of Agriculture forecast a fall in world grain stocks, including milled rice, to 205m tonnes at the end of 1979-80, based on favourable weather, and to 178m tonnes with unfavourable weather, reports Reuter. This compared with 232m tonnes at the end of 1978-79.

In its world grain circular, USDA said world grain production is estimated at between 1.38 and 1.44bn tonnes in 1979-1980 against 1.42bn in 1978-79.

Global grain utilisation is put at between 1.38 and 1.44bn dependent on the weather, compared with 1.38bn this season.

Estimates for total wheat and coarse grains utilisation in 1978-1979 are above the year-ago forecast by about 40m tonnes, mainly as a result of more demand for animal feeding and some increases in food use, USDA explained.

It said the 1979 wheat area for Canada, Australia and Argentina will rise by 5 to 7 per cent from last year. But total coarse grain plantings in Australia, Argentina, Canada, South Africa and Thailand are projected to ease about 2 per cent this year.

In Western Europe, total grain production this year is likely to be below the record 1978 harvest due to weather problems, USDA said.

China urged to join tin pact

CHINA and Brazil have been urged to join the International Tin Agreement.

Mr. Peter Lai, executive director of the International Tin Council, speaking in Manila at the UN conference on Trade and Development, said it was a major producer China should take part in the agreement.

Brazil, he said, was now significant both as a producer and consumer.

Mr. Lai said 80 per cent of consuming members of the ITC were now contributing to buffer stock funding. As a result buffer stock financing has "ceased to be a problem." But he noted that with the establishment of the Unctad Common Fund the funding of buffer stock for for the Sixth Tin Agreement, after the present pact expires in 1981, will take on a new perspective.

Mr. Lai also said an international rubber agreement is now in sight and should be completed at the next Geneva session of the negotiating conference.

Mr. Lai, chairman of the Rubber Negotiating Conference, said compromise proposals for the rubber agreement did not satisfy all governments, but represented a measure both of political goodwill and a desire to have a pact.

If successful, it would be the first commodity agreement concluded within the framework of Unctad's integrated programme for commodities.

Mr. Kwesi Hackman, International Cocoa Organisation executive director, said it is envisaged that a new international cocoa agreement will contain a provision establishing links with the Unctad Common Fund.

Mr. Hackman said that over the past 5 years the ICCO has accumulated a substantial buffer stock which will reach more than $193m by the end of the current cocoa agreement in September this year.

But Mr. Hackman added he believed ICCO member-states will expect any relationship between the Common Fund to provide better interest rates on buffer stock investments with the Common Fund, and also cheaper credit facilities for any borrowing.

At the very least, the Common Fund should be able to offer terms which should be comparable with those available in the financial markets.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on balance. After trading quietly in the mid-£930's throughout the pre-market, forward metal moved ahead strongly in the rings to touch £943 following speculative buying and buying against options. In the afternoon, however, a lower than expected opening on Comex saw the market come under pressure and forward metal fell to £919 before closing the late kerb at £921. Turnover 25,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	927-.5	+2	910-2	—8.5
3 months	940-1	+5.75	925-6	—5.75
Settl'm'nt	927.5	+2	—	......
Cathodes				
Cash	912-.5	—.25	894-5	—9.5
3 months	930-.5	+5.75	914-5	—6.5
Settl'm'nt	916.5	—.5	920-2	......
U.S. Smt.	—	......	*88-95.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £927.5, three months £936, 37, 36.5, 39, 38, 39.6, 40, 41, 40. Cathodes, cash £912, three months £931, 30, 30.5, 30. Kerb: Wirebars, three months £941, 42, 43. Afternoon: Wirebars, three months £931, 32, 33, 34, 33, 32, 31.5, 31, 32, 31, 31.5, 923, 25, 24, 23, 22, 23, 23.5, 23, 24, 23, 25, 24, 24.5, 25, 26.5, 26. Cathodes, cash £897, 94.5. Kerb: Wirebars, three months £925, 24, 23, 22.5, 22, 21, 21.5, 23, 20, 19, 20.

TIN—Marginally firmer. A sharp rise in the Penang market saw forward metal open higher at £7,270, but profit-taking and hedge selling pared the price to £7,230 on the morning kerb. The price moved narrowly in the afternoon, easing to £7,215 following the fall in copper, but subsequently rallying to close the late kerb at £7,240 owing to buying against physical business. Turnover 2,175 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7435-45	—45	7460-70	+60
3 months	7240-50	—15	7235-70	+17.5
Settlem't	7445	—45	—	......
Standard				
Cash	7435-45	—45	7460-70	+00
3 months	7230-40	......	7225-30	+22.5
Settlem't	7445	—45	—	......
Straits. E.	‡$1985	+40	—	......
New York	—	......	—	......

Morning: Standard, cash £7,440, three months £7,260, 30. Kerb: Standard, three months £7,230. Afternoon: Standard, three months £7,215, 20, 25, 30, 25. Kerb: Standard, three months £7,220, 30, 25, 40, 30, 40.

LEAD—Higher following trade short-covering which left forward metal at £556 on the late kerb. Turnover 11,550 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	582-3	+0.5	587-9	+12.5
3 months	554.5-5	—3.5	559-.5	+12
Sett'ment	583	+0	—	......
U.S. Spot	—	......	*48	......

Morning: Cash £580, 81, late May £580, three months £552, 53, 52, 53, 53.5, 54, 54.5. Kerb: Three months £557, 58. Afternoon: Three months £557, 56, 57, 58, 58.25, 58.5, 59, 59.5. Kerb: Three months £556.

ZINC—Marginally easier in quiet and routine trading with forward metal finally £393 on the late kerb. Turnover 1,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	582-3	—1.25	581-2.5	—1.25
3 months	594-.5	—1.25	594-.5	—1.25
S'ment	583	—1	—	......
Prim.west	—	......	*37.5-9.5	......

Morning: Three months £395, 94.5, 95. Kerb: Three months £395. Afternoon: Three months £394, 94.5, 95, 94.5. Kerb: Three months £392, 93.

ALUMINIUM—Barely changed. After rising to £768 in the morning, forward metal fell away to £755 on stop-loss selling before ending the late kerb at £763. Turnover 3,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	760-2	—1.5	758-60	......
3 months	767-8	—1	763.4	—2

Morning: Three months £767, 68, 68.5, 69, 69.5, 69, 68. Kerb: Three months £767. Afternoon: Three months £760, 57, 55, 57, 59, 61, 63, 64. Kerb: Three months £761.

NICKEL—Firmer with forward metal finally £3,340 on the late kerb, after a day's high of £3,360, following news that Inco may take a hard line in negotiations over the Sudbury mines strike. Turnover 474 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	3350-60	+42.5	3340-5	+25.5

Morning: Three months £3,330, 35, 40, 45, 47, 50, 40, 45, 50, 55, 60, 45. Kerb: Three months £3,355. Afternoon: Three months £3,350, 45, 50, 40, 50. Kerb: Three months £3,340.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 4.5p an ounce lower for spot delivery in the London bullion market yesterday at 408.9p. U.S. cent equivalents of the fixing levels were: Spot 842.5c, down 4.5c; three-month 863.7c, down 3.9c; six-month 880.5c, down 2.9c; and 12-month 913.3c, down 2.0c. The metal opened at 405½-409½p (836-840c) and closed at 401-403p (829-833c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	408.9p	—4.5	402.85p	—8.5
3 months	420.7p	—4.5	414.7p	—8.4
6 months	429.7p	—4.5	—	......
12 months	447.7p	—4.5	—	......

LME—Turnover 297 (347) lots of 10,000 ozs. Morning: Three months 421, 20.8, 20.8, 20.9, 21, 21.2, 21, 20.8, 20.5, 20.6, 20.4, 20.5, 20.4. Kerbs: Three months 420.5, 20.8. Afternoon: Three months 416, 6.5, 8.5, 8.5, 17, 16.8, 6.7, 14, 4.5, 4.3, 4.5, 15, 14.5, 14.7. Kerbs: Three months 414.9, 4.5, 14, 13.8, 13.3, 3.5, 14, 13.8.

COCOA

Cocoa futures remained steady throughout a quiet and featureless day, trading within a narrow range to close firmly some £20 higher on the forward positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	1558.0-1559	—3.0	1556.0-1551
July	1616.0-1617	+3.6	1619.0-1602
Sept.	1647.0-1648	+11.5	1648.0-1628
Dec	1712.0-1715	+25.0	1714.0-1687
March	1750.0-1751	+19.5	1755.0-1712
May	1740.0-1749	+14.5	—
July	1751.0-1769	+5.0	—

Sales: 1,692 (4,252) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price May 15 149.10 (149.50). Indicator prices for May 16: 15-day average 149.18 (same); 22-day average 148.79 (148.58).

COFFEE

Coffee futures opened around £25 lower in active trading conditions with Commission House selling a prominent feature early on, reports Drexel Burnham Lambert. After the initial easier opening prices traded in a narrow range for the rest of the morning session. The market drifted lower in the early afternoon before rallying under good trade and Commission House buying. Prices failed to hold these levels, however, and eased on the closing to finish £7 to £25 down from the previous night's close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1604-05	—07.5	1210-90
July	1537-38	—21.0	1546-27
September	1021-00	—35.0	1540-10
November	1625-26	—21.5	1540-16
January	1516-18	—25.0	1528-10
March	1509-11	—21.0	1517-12
May	1500-06	—18.0	1502

Sales: 0,644 (2,311) lots of 5 tonnes. ICO indicator prices for May 15 (U.S. cents per pound). Colombian Mild Arabicas 154.00 (155.00); unwashed Arabicas 152.50 (152.00); Robustas ICA 1968 148.50 (same); Robustas ICA 1976 148.00 (149.57); other Mild Arabicas 151.00 (151.33). Composite daily average 148.55 (146.11).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 10p lower. Old crops came under selling pressure, particularly on wheat. In thin volume the market eased to close 35p lower. May wheat was slightly more steady due to the wheat end closed 45p lower. New crops which were steady at the opening but values eased on the day to close 25-35 down on wheat and 5-15 down on barley. Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	99.90	—0.35	97.50	—0.35
Sept.	89.20	—0.35	86.40	—0.15
Nov.	92.10	—0.35	90.90	—0.15
Jan.	95.60	—0.35	94.40	—0.15
Mar.	101.30	—0.30	97.60	—0.15

Business done—Wheat: May 100.60-99.85, Sept. 92.60-92.35, Nov. 95.40-95.10, Jan. 98.05-97.75, March 101.40-101.25. Sales: 181. Barley: May 97.70-97.50, Sept. 87.00-86.40, Nov. 91.00-90.85, Jan. 94.45-94.40, March 97.60-97.50. Sales: 114.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, May 103.75, June 102.50, July 102.00 sellers, transhipment East Coast. U.S. Hard Winter 13½ per cent unquoted. EEC unquoted. Maize: U.S./French May 111.75, June 112.00 sellers, transhipment East Coast. South African White unquoted. South African Yellow May 76.00 nominal. Barley: English feed fob June 105.50 quoted, transhipment East Coast.

HGCA—Location ex-farm spot prices. Feed barley: Shropshire 101.20.

The UK monetary coefficient for the week beginning May 21 (based on HGCA calculations) is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for May 17 in order of current levy plus June, July and Aug. premiums (with previous in brackets), all in units of account per tonne. Common wheat: 84.95, 0.18, 0.18, 0.84 (84.96, rest nil); Durum wheat: 153.06, rest nil (153.06, rest nil); Rye: 101.51, rest nil (101.51, rest nil); Barley: 100.26, rest nil (100.81, rest nil); Oats: 100.81, rest nil (100.81, rest nil); Maize (other than hybrid for seeding): 85.79, rest nil (85.79, 0.38, 0.18); Buckwheat: 0.76, rest nil (0.76, rest nil); Millet: 95.67, rest nil (95.67, rest nil); Grain sorghum: 99.63, rest nil (99.63, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 149.39 (149.39); Rye flour: 156.70 (156.70).

RUBBER

STEADIER opening on the London physical market. Fair demand throughout the day, closing firm, Lewis and Peat reported. The Malaysian godown price was 284 (282½) cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
June	61.80-62.10	61.50-61.75	62.00-61.50
July	65.40-65.85	62.90-65.20	65.40-65.35
Jy-Sept.	64.80-64.85	64.50-64.55	64.75-64.20
Oct-Dec	66.80-66.70	66.35-66.40	66.90-66.50
Jan-Mar	68.80-68.85	68.20-68.25	68.70-68.15
Apr-Jne	70.80-70.85	70.20-70.30	70.80-70.50
Jy-Sept.	72.65-72.70	72.25-72.30	72.60-72.40
Oct-Dec	74.65-74.75	74.40-74.45	74.65-74.50
Jan-Mar	76.65-76.80	76.50-76.55	76.70-76.25

Sales: 38 (54) lots at 5 tonnes: 419 (314) at 15 tonnes.

Physical closing prices (buyer) were: Spot 01p (same); June 66.75p (63.3p); July 65.25p (66.0p).

SOYABEAN MEAL

The London market opened unchanged and moved slightly higher before running into trade selling, reported T. G. Roddick.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	125.10-25.5	+0.45	125.30-22.80
August	123.80-24.0	+0.5	124.20-23.80
October	124.20-24.5	+0.35	124.20
December	124.70-24.8	......	125.10-24.50
February	125.10-26.2	—0.05	—
April	125.50-27.5	......	—
June	125.55-25.5	+0.25	—

Sales: 120 (51) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £98.00 (£97.00) a tonne cif for May-June shipment. White sugar daily price was £105.00 (same).

Prices drifted in thin conditions during the morning. Later the decline accelerated following the announcement of a tender for 24,000 tons July-Aug. shipment by Colombia and closing levels were around the lower points of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]

Sales: 1,238 (1,381) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £160.50 (£162.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 15: 7.81 (7.83); 15-day average 7.83 (7.82).

WHITE SUGAR—Close (in order buyer, seller, business, sales): July 105.25, 105.50, 106.00-105.50, 193; Oct. 109.20, 109.50, 110.30-109.50, 110; Nov. 112.10, 112.50, 112.95-112.25, 227; Feb. 118.00, 118.50, 118.75-118.00, 50; April 122.60, 122.60, 122.00-122.00, 210; July 126.50, 126.50, nil, nil; Sept. 128.50, 130.50, nil, nil. Sales: 807.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract—May 386.0, 390.0, 380.0-380.0, 11; July 401.5, 402.0, 402.5-401.0, 25; Oct. 406.0, 407.0, 409.0-405.8, 18; Dec. 406.0, 407.5, 409.0-405.8, 16; March 408.0, 409.0, 409.0-408.0, 20; May 411.0, 413.0, 412.5-412.0, 16; July 414.0, 414.5, 415.0-414.0, 3; Oct. 416.0, 417.0, 415.0-415.0, 3. Sales 104.

LONDON GREASY—Close (in order buyer, seller): May 220.0, 230.0; July 220.0, 229.0; Oct. 229.0, 236.0; Dec. 230.0, 240.0; March 235.0, 240.0; May 235.0, 240.0; July 238.0, 240.0; Oct. 235.0, 240.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): May 190.0, 207.0; Aug. 206.0, 208.0; Oct. 207.0, 208.0; Dec. 209.0, 210.0; Jan. 209.0, 210.0; March 205.0, 210.0; May 205.0, 209.0; July 205.0, 209.0; Oct. 205.0, 209.0. Sales nil.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 16 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cs)	$1555/75	—25.0	$1,540/60
Copper			
Cash w'bar	£911	—8.5	£1,021.5
3 mth	£925.5	—5.75	£1,027.25
Cash Cathods	£894.5	—9.5	£1,027.5
3 mth	£914.5	—6.5	£1,086.5
Gold troy oz.	$256.070	+1.0	$257.875
Lead cash	£588	+12.5	£546.5
3 mth	£559.25	+12.0	£522.0
Nickel	£2728.75	......	£2,750.83
Freemkt(cif)(lb)	300/330c	+7.5	255/65c
Platin'm tr'y oz	£171	......	£159
Free mkt	£209.5	—1.65	£180.85
Quicksilver	$306/310	......	$256/65
Silver troy oz	408.9p	—4.5	355.95p
3 months	420.7p	—4.5	365.85p
Tin cash	£7,465	+30.0	£7,095
3 mths	£7,237.5	+22.0	£7,000
Tungsten	$155	......	$137.52
Wolfrm 22.04 cif	$158/42	......	$162/66
Zinc cash	£381.75	—1.25	£375.20
3 months	£394.25	—1.25	£385.75
Producers	$800	......	$800
Oils			
Coconut (Phil)	$1,105q	+20.0	$1,140
Groundnut	‡		‡
Linseed Crude	£399	—3.0	£405
Palm Malayan	$552r	+2.0	$564.5
Seeds			
Copra Philip	0720s	......	0735
Soyabean (U.S.)	$304.5r	+0.75	$308.5
Grains			
Barley Futures	£87.4	—0.10	£80.95
Maize			
French No 3 Am	£111.75	......	£111.50
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling †	£107.5x	......	£101.5*
Other commodities			
Cocoa ship't	£1,697	+4.0	£1,685
Future July	£1,010	+0.5	£1,548.5
CoffeeF't'rJuly	£1,537.0	—21.0	£1,498.5
Cotton A'index	*75.5c	—00.5	72.85c
Rubber kilo	61p	......	61p
Sugar (Raw)	£98	+1.0	£95
Woolt'ps 64s kl	281p	......	286p

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. x Per ton. z Indicator. § Buyer.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on May 16. GB cattle 73.07p per kg. l.w. (+0.09); UK sheep 185.9p per kg. est. d.c.w. (−11.1); GB pigs 57.4p per kg. l.w. (−0.7). England and Wales: Cattle numbers down 10.0 per cent, average price 73.07p (+0.42); Sheep numbers down 9.0 per cent, average price 185.7p (−11.3); Pig numbers down 5.2 per cent, average price 57.3p (−0.6). Scotland: Cattle numbers up 10.1 per cent, average price 73.20p (+2.09); Sheep numbers down 10.0 per cent, average price 201.5p (+0.7); Pig numbers up 88.2 per cent, average price 62.2p (−0.4).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 58.0 to 62.0; Eire hindquarters 76.0 to 78.0, forequarters 48.0 to 52.0.

Veal: English fats 76.0 to 82.0; Dutch hinds and ends 90.0 to 102.0.

Lamb: English small new season 76.0 to 82.0, medium 70.0 to 84.0; Imported frozen: New Zealand PL 52.0, PM 51.5 to 52.0.

Hoggets: English 70.0 to 80.0; Scottish 36.0 to 80.0.

Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 35.0 to 43.0, 120-160 lb 34.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 4.90-6.00. Cyprus: 5.00-6.00. Moroccan: Valencia Late 5/112 5.00-5.60. Spania: 5.50. Lemons—Italian: 100/120's 5.50-6.20. S. African: Navels 56/150 4.20-4.50. Spain: Trays 30/40/45 1.60-2.20. Grapefruit—Cyprus: 4.00-4.80. S. African: 30/64 3.20-3.80. Apples—U.S.: Red Delicious 7.20-7.40, White Winter Pearmain 5.20-6.80, Granny Smith 7.00-7.80. New Zealand: Cox's Orange Pippins 8.20-8.80, Golden Delicious 7.00; Red Delicious 7.50; Tasmanian: Jonathans 6.60-7.40, Sturmers 7.50-7.60.

English Produce: Potatoes—Per 25 kg 2.20-2.70. Lettuce—Per 12 round 2.00-2.40. Mushrooms—Per pound 0.30-0.45. Apples—Per pound Bramley 0.08-0.09; Cox's Orange Pippin 0.10-0.13. Pears—Per pound Conference 0.15-0.16. Beetroot—Per 28 lb 1.40, lang 2.40. Carrots—Per 28 lb 1.80-2.40. Onions—Per 28 lb 2.20-3.00. Rhubarb—Per pound 0.12-0.20. Tomatoes—Per 12 lb 3.60-4.00. Swedes—Per 28 lb 1.30-1.40. Cucumbers—Tray 8/18's 2.20-2.40. Cauliflowers—12's Kent 1.00-1.50. Spring Greens—Per crate Kent 1.00-1.50. Celery—12/30's per box 4.00-5.00.

AMERICAN MARKETS

NEW YORK, May 16.

Cocoa—May 141.05 (141.10), July 143.05 (142.65), Sept. 149.70, Dec. 149.20, March 150.95, May 152.20, July 163.80, Sept. nil.

Copper—May 81.75 (83.20), June 82.20 (83.70), July 82.80, Sept. 83.80, Dec. 84.80, Jan. 85.00, March 85.40, May 85.70, July 86.00, Sept. 26.25, Dec. 86.60, Jan. 86.70, March 86.90.

Potatoes (round whites)—Nov. 63.0 (63.7), March 72.2 (73.0), April nil, May 85.5.

¶Silver—May 836.50 (835.20), June 839.50 (838.20), July 846.00, Sept. 860.00, Dec. 879.00, Jan. 885.00, March 896.80, May 908.80, July 920.50, Sept. 932.40, Dec. 950.90, Jan. 956.90, March 968.90. Handy and Harman spot 828.70 (849.00).

CHICAGO, May 16.

Lard—Chicago loose 26.50 (26.75). New York prime steam 28.00 nom.

Live Cattle—June 70.85 (71.72), Aug. 69.80 (70.40), Oct. 68.32, Dec. 69.37, Jan. 69.70, Feb. 70.20, April 70.60, June 71.85, Aug. 70.50, Oct. 70.40. Sales: 37,054.

Live Hogs—June 46.87 (46.97), July 48.37 (48.65), Aug. 42.80, Oct. 39.52, Dec. 40.50, Feb. 40.35, April 38.50, June 41.55, July 41.80. Sales: 3,806.

‡‡Maize—May 257¾-257 (257¾), July 262½-262½ (264), Sept. 265½, Dec. 267½-267¾, March 275-275¾, May 281¼.

Plywood—May 188.7 (197.8), July 199.2-199.4 (198.5), Sept. 200.3, Nov. 199.0, Jan. 200.4, March 202.4, May 202.8, July 202.5 nom., Sept. 202.5 nom.

Pork Bellies—May 50.05 (50.85), July 49.37 (50.72), Aug. 47.55, Feb. 51.00, March 50.40, May 50.85, July 51.25, Aug. 90.10. Sales: 6,174.

Shell Eggs—May 52.40 (52.40), June 51.85 (52.50), July 57.10, Aug. 57.05, Sept. 58.45, Oct. 56.90, Nov. 61.50, Dec. 61.70. Sales: 111.

Silver—May 837.5 nom. (833.0), June 841.0-842.0 (83.70), July 848.0 nom., Aug. 85.40-85.50, Oct. 868.0, Dec. 880.5-880.0, Feb. 893.0, April 905.0, June 917.0, Aug. 929.0, Oct. 941.5, Dec. 954.0, Feb. 966.0, April 978.0, June 988.0, Aug. 100.30, Oct. 101.55.

‡Soyabeans—May 716 (713¾), July 730-729½ (728¾), Aug. 735, Sept. 727-728, Nov. 718-718¾, Jan. 727, March 740, May 747½.

‖Soyabean Meal—May 186.50-186.80 bid (187.40), July 191.40-191.70 (192.70), Aug. 193.60-193.20, Sept. 193.00, Oct. 192.00-192.20, Dec 194.00-193.00, Jan. 194.80-195.30, March 197.80-198.20, May 199.50, July 201.80-202.00.

Soyabean Oil — May 25.80-25.85 (25.57), July 26.22-26.16 (25.86), Aug. 26.30-26.35, Sept. 26.25-26.30, Oct. 26.10-26.15, Dec. 25.98-26.00, Jan. 26.00-26.05, March 26.05-26.10, May 26.15-26.10, July 26.10.

‡Wheat—May 366½-366½ (372), July 366¾-366½ (372¾), Sept. 369½, Dec. 379-379¾, March 388, May 387½.

WINNIPEG, May 16. §Rye—May 109.00 asked (111.00 asked), July 109.40 asked (111.10-111.50), Oct. 108.60 asked, Dec. 180.90 asked.

§Barley—May 103.50 (105.00 bid), July 94.70 (95.30 asked), Oct. 92.00, Dec. 90.80 asked, March 90.90 bid.

§Oats—May 96.00 asked (95.70 bid), July 90.20 asked (91.00), Oct. 88.50 asked, Dec. 87.10 bid, March 86.60 bid.

§Flaxseed—May 321.80 asked (322.00 asked), July 315.70 bid (317.00 asked), Oct. 302.70 bid, Nov. 301.00 asked, Dec. 291.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 192.80 (194.60).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

Tuesday's closing prices

NEW YORK, May 15.

Cotton—No. 2 July 628.0-629.5 (623.5), Oct. 641.0 (639.0), Dec. 633.5-634.0, March 640.5-642.0, May 649.2 bid-650.8 asked, July 660.0, Oct. 660.0 bid.

*Gold—May 254.40 (252.80), June 255.80 (254.20), July 258.00, Aug. 260.50, Oct. 265.20, Dec. 270.00, Feb. 274.80, April 279.80, June 284.40, Aug. 289.80, Oct. 294.20, Dec. 298.80, Feb. 303.60.

Orange Juice—May 101.25 (101.25), July 101.55-101.60, Sept. 100.80, Nov. 100.00, Jan. 98.30, March 95.40, May 95.30, July 95.60.

Tin—698.00-715.00 nom. Spot 698.00-710.00 asked (694.00-700.00).

CHICAGO, May 15.

Live Cattle—June 71.72 (72.22), Aug. 70.40 (71.20), Oct. 69.45, Dec. 70.00, Jan. 70.50, Feb. 71.02, April 71.45, June 72.80, Aug. 71.75, Oct. 71.40. Sales: 34,670.

WINNIPEG, May 15.

§Rye—May 110.00 asked (112.00 asked), July 111.10-111.50 (113.00), Oct. 111.40-111.30, Dec. 109.40 asked.

§Barley—May 105.00 bid (104.20), July 95.30 asked (94.80), Oct. 92.90 bid, Dec. 91.70 bid, March 91.50 bid.

§Oats—May 95.70 bid (95.00), July 91.00 (90.00), Oct. 87.20 bid, Dec. 87.25 asked.

§Flaxseed—May 322.00 asked (322.80 asked), July 317.00 asked (318.80), Oct. 305.00, Nov. 305.00 asked, Dec. 292.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 194.60 (195.50).

EUROPEAN MARKETS

ROTTERDAM, May 16.

U.S. No. Two Red Winter wheat June $168, July $165, Aug. $165, Sept. $167, Oct. $168. U.S. No. Two Northern Spring wheat 14 per cent June $172, July $172, Aug. $172, Sept. $176, Oct. $172, Nov. $174.

Maize—U.S. No. Three Corn Yellow, Apr. $130, May $132.25, June $128, July $126, Aug. $125. Argentine Plate May $135.75, June $136.50, July $134.50.

Soyabeans—U.S. Two Yellow Gulfports May $293.50, June $295, July $296, Aug. $299.50, Sept. $292, Oct. $285.25, Nov. $282.25, Dec. $291, Jan. $296.25, Feb. $302.50, March $303.75, Apr. $306, May $307. Brazil Yellow FAQ unquoted. U.S./Brazil June $297.

Soyameal—44 per cent protein, U.S. May $237.50, traded afloat $236.50, May $236.50, May/Sept $236.50, Nov./March $244.50, traded. Brazil pellets afloat $236.50, traded, float $240.50, May $240.50, June/Sept. $245.50.

PARIS, May 16.

Sugar—(FFr per 100 kilos): July 935-940, Aug. 945-948, Oct. 980-987, Nov. 1,002-1,005, Dec. 1,025-1,032, March 1,058-1,062, May 1,070-1,085. Sales at call nil.

INDICES

FINANCIAL TIMES

May 15	May 14	M'nth ago	Year ago
276.16	276.16	272.30	240.10

(Base: July 1, 1952=100)

MOODY'S

May 15	May 14	M'nth ago	Year ago
1053.0	1057.4	1046.7	918.5

(December 31, 1931=100)

DOW JONES

Dow Jones	May 15	May 14	Month ago	Year ago
Spot	392.50	391.69	392.27	359.65
F'ture	396.63	395.50	393.86	360.93

(Average 1924-25-26=100)

REUTERS

May 16	May 15	M'nth ago	Year ago
1566.0	1565.1	1542.5	1456.8

(Base: September 18, 1931=100)

PUBLIC NOTICES

Government stocks recover and initiate strong rally in equities which takes index up 9.8 to 536.2

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 8	May 17	May 18	May 30
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26

* "New time" dealings may take place from 9.30 am two business days earlier.

A better feeling in stock markets yesterday derived its impetus from several influences, including publicity given to the new Government's determination to carry through its election pledges. Other helpful factors took in the recent upsurge in the sterling exchange rate and, in the case of equities, the absorption of stock which had been overhanging the market.

The upturn was initiated by a late overnight recovery from the previous six-day downtrend in Government stocks which opened substantially better following indications of fresh investment demand prior to the commencement of official business. Actual trade was of a two-way nature and the longer maturities had gains of ¾ clipped to ½ by the close, but the reaction in short-dated stocks was more marked; both sectors were reflecting some apprehension about the latest year-on-year increase in average earnings.

Equities also showed to advantage because many of the recent oversold positions had been closed. This put the market on a much sounder technical basis and the return of small investment buyers signalled gains of several pence in leading shares and slightly more in selected secondary issues. The modest expansion in activity was confirmed by official markings of 4,624 against 4,019 the previous day.

The progressively firmer tone in equities was well measured by the FT 30-share index which increased its gain from 2.7 at the first calculation of the day to one of 9.8 at the close of 536.2. Of the individual sectors, Oils regained a little composure on thoughts that higher prices may well offset any intended increase in Petroleum Revenue Tax.

Corporation stocks improved here and there, while Southern Rhodesian bonds moved a few points higher after the U.S. Senate vote calling for President Carter to lift economic sanctions against Rhodesia within ten days of a black government assuming power; the most popular bond, 2½ per cent 1965-70, closed 2 up at £83.

Institutional and other support in a market experiencing fewer offerings connected with the Hudson's Bay bid situation caused rates for investment currency to improve and the premium closed 1¼ points up at 55 per cent. Yesterday's SE conversion factor was 0.8203 (0.8266).

A brisk turnover ensued in first-time dealings in Fulcrum Investment Trust, the income shares slipped to 52p before subsequently settling at the opening price of 53p, while the Capital shares opened at 3p and closed at 4p.

Gen. Accident up

The poor first-quarter figures announced yesterday by General Accident had already been well discounted following the recent dismal profit performances of Royals and Commercial Union and the accompanying encouraging statement about the upswing in underwriting results in the current year helped GA's price rise 8 to 240p. CU picked up 2 to 166p as did Eagle Star to 169p. Elsewhere, C. E. Heath added 9 more to 235p following comment on the preliminary results.

Interest was again small in the major clearing banks but prices tended firmer. Barclays rose 6 to 488p and Lloyds 4 to 342p. Allied Irish edged forward 2 to 204p following the results and proposed 50 per cent scrip-issue.

Breweries made further small headway. Still reflecting the encouraging tenor of the chairman's statement, Allied firmed 3 further to 102p, while better-than-expected half-yearly figures left J. A. Devenish 2 better at 239p. Elsewhere, Matthew Brown picked up 2 to 172p awaiting today's interim figures.

Buildings responded to the appearance of a few early buyers and subsequently steadied at the enhanced levels. Blue Circle added 8 to 336 helped by a brokers' circular. Speculative demand prompted a gain of 14 to 320p in Tunnel B and, reflecting satisfactory interim profits, Baggeridge Brick added 2 to 50p. Among Constructions, buyers came in for Wimpey which put on 3 to 97p, after 98p. John Finlan put on 4 to 63p and Brown and Jackson 10 more to 670p in thin markets, but profit-taking left Watts Blake Bearne 5 cheaper at 165p.

ICI, first-quarter figures a week today, and Fisons added 5 apiece to 395p and 300p respectively.

Woolworth pleases

Stores contained several firm features. F. W. Woolworth stood out with a rise of 5 to 85p in response to the better-than-expected first-quarter profits, while UDS rose 6 to 114p following comment on the results and proposed £35½m rights issue. A resurgence of speculative buying on renewed hopes of a bid from Lonrho helped House of Fraser put on 6 to 198p, while Mothercare closed a similar amount better at 184p. Talk of an imminent takeover development buoyed Hardy (Furnishers) which rose 14 to 108p with the A N/V closing 7 dearer at 87p, while Grattan Warehouses, also on bid speculation, jumped 12 to 144p. A sharp increase in annual profits and the proposed 100 per cent scrip-issue prompted an advance of 18 to 258p, after 261p, in Foster Bros. Clothing, while Lee Cooper appreciated 5 to 305p after the profits leap and the proposed 50 per cent scrip-issue. Bakers Household added 6 to 102p and Harris Queensway 5 to 263p.

Satisfactory half-yearly figures left United Scientific 6 to the good at 284, but Fidelity Radio closed a penny easier following the annual results. Elsewhere in the Electrical sector, Farnell were in demand and put on 22 to 562p, while other recent high-fliers to make more modest headway included Electrocomponents, 6 dearer at 445p, and Kode, 4 up at 230p. GEC were fairly quiet, but edged up 7 to 438p, while EMI firmed 4 to 111p.

Occasional support was forthcoming for the Engineering leaders. John Brown were noteworthy for a gain of 12 at 575p, while Guest Keen edged up 6 to 292p and Tubes 4 to 414p. Elsewhere, Westland were dull at 45½p, down 3, following Press comment on the problems facing the company following the withdrawal of funds for the Arab British Helicopter Company. In contrast, Duport moved up 6½p to 77p, the fall in annual profits being outweighed by the forecast of an improvement in current trading. Banro Construction were supported at 73p, up 5, while Concentric, up 2 more at 46p, continued to reflect good annual results. G. Whitehouse, 165p, and Wolseley-Hughes, 315p, firmed 5 apiece and rises of around 4 were marked against Davy Corporation, 128p, Staveley, 352p, and Simon Engineering, 338p.

Steady for most of the session, Foods took a distinct turn for the better in late dealings. J. Sainsbury and Associated Dairies improved 4 apiece to 342p and 290p respectively. RM firmed 1½ to 49p following the increased bread price announcement and A. B. Foods added 2 to 77p in sympathy. Elsewhere, United Biscuits touched 94p before settling at 92p for a net gain of 3, while Rowntree Mackintosh displayed a late improvement of 6 at 448p. J. Bibby put on 10 to 415p in a thin market.

Recently dull on rights issue rumours, Grand Metropolitan rallied 6 to 161p. Trust Houses Forte picked up 7 to 181p and Ladbroke 5 to 20p.

Turner and Newall firm

The American Senate's plan to lift sanctions against Rhodesia within 10 days of confirmation of the Government-elect inspired strength in industrial companies with interests in that area; Turner and Newall rose 9 to 162p, Barlow Rand 14 to 286p and Stocklake 10 to 185p. Additionally helped by news of the proposed sale of the company's South African asbestos mining interests to Transvaal Consolidated Land and Exploration, Cape Industries closed 5 to the good at 188p. Speculative buying put 8 on Giltspur Investments at 101p, after 103p, while Peter Black advanced 13 to 240p and E. Fogarty rose 11 to 337p. An investment recommendation helped Valor edge forward a penny to 71p and Stonehill hardened a similar amount to 168p following the good results. Bridon, 135p, and Foseco Minsep, 186p, rose 5 and 6 respectively, while Glaves added 8 to 144p following comment on the good second-half performance. Central Manufacturing and Trading cheapened 2½ to 69, after 68p, in reaction to disappointing interim figures. A technical improvement by the leaders left Reckitt and Colman 8 to the good at 498p and Unilever 6 higher at 636p.

Renewed speculative demand took Management Agency and Music up 8 to 184p, after 186p.

A reasonable two-way trade developed in Motor Distributors. A penny harder initially, a late spurt left Rolls-Royce 2½ to the good at 87p. The higher annual profits and agreed offer for Coroh Inter-City Properties failed to benefit Kwik-Fit, which eased 1½ to 60p, and disappointing preliminary results left Hartwell down 6 at 130p. Jessups touched 56p in immediate response to the higher interim profits, but slipped to 54½p for a net fall of ½.

Properties encountered scattered support. Land Securities firmed 9 to 313p, while British Land added 2 to 79½p, but Bernard Sunley relinquished 6 more to 365p. Renewed speculative support was forthcoming for Imry, which picked up 10 to 710p and, pending the outcome of bid discussions with Rothschild Investment Trust, Town Exchange advanced 13 more to 310p.

Assisted by the prospect of an increase in petrol prices, Oil shares recovered from recent depressed levels. Trade in the leaders was reasonably brisk, with Shell, up 20 at 765p, making a particularly good recovery in front of today's announcement of the first quarter figures. British Petroleum settled at 14p for a gain of 4. Lasmo advanced 10 to 302p and the OPS 35 to 620p, while Oil Exploration firmed 4 to 236p and Siebens (UK) closed similarly dearer at 218p.

Among irregular Overseas Traders, Inchcape eased 6 to 290p and Lonrho improved 3 to 83p; sentiment in the latter was helped by the American Senate's vote to lift sanctions against Rhodesia.

Still reflecting recent takeover suggestions, P and O Deferred encountered a revival of buying interest and moved up 4 to 92p. Elsewhere in the Shipping sector, Walter Runciman fell 3 more to 66p on the reduced dividend and the annual loss, while Common Bros. eased 4 to 218p after the previous day's upward flurry on hopes of an increased bid from British and Commonwealth.

Among Financial Trusts, S. Pearson were supported and put on 10 further to 296p.

Interest in the Textile sector remained at a fairly low ebb, but the better-than-expected preliminary results stimulated fresh interest in Coats Patons which firmed 1½ more to 72½p. Ben Williams, however, were quoted 4 lower at 20p following the results. Tobaccos were quiet and rarely altered.

South African industrials closed firmer for choice with sentiment helped by the American Senate's move to lift sanctions on Rhodesia. Gold Fields Properties rose 6 to 70p and Greatermans A 5 to 170p.

Golds up on balance

Although tending to ease towards the close following American profit-taking South African Golds nevertheless showed fairly substantial gains for the fifth consecutive trading day.

Until the late downturn prices had moved ahead strongly in the wake of the bullion price, which was finally $1.50 better at an all-time closing high of $256.375 an ounce, after a record $257, following the outcome of the U.S. Treasury gold auction.

The Gold Mines index, 5.4 higher at 175.4, reached its best level since late February, while the ex-premium index advanced 3.4 to 143.9, its highest since early January, 1976.

Among heavyweights, Hartebeest were prominent with a rise of a point to £16¼, while Randfontein put on ¾ to £22¾, and Free State Geduld ½ to £14⅝.

In the medium- and lower-priced issues, 1979 highs were attained by East Rand Proprietary, 23 up at 341p, Vlakfontein, 15 firmer at 367p, Vlakfontein, 6 better at 68p, and South African Land, which rose 3½ to 85p.

South African Financials also attracted a good demand. Anglo American Corporation advanced 22 to a 1979 high of 415p. De Beers rose 18 to 442p. "Johnnies" put on ¾ to £18¾ and General Mining were finally 15 better at a high of 505p.

Transvaal Consolidated Land were a half-point up at £17½; negotiations are taking place which could result in the sale to TCL of Cape Industries' South African asbestos mining companies.

London-based Financials made progress in line with the UK equity market. Improvements of 6 were common to Rio Tinto-Zinc, 332p, Charter, 169p, and Gold Fields at a 1979 high of 266p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	82	—	110	8	142	—	1110p
BP	1200	42	1	76	14	94	1	"
BP	1300	16	4	48	4	72	1	"
Com. Union	180	5	27	7	—	11	2	167p
Cons. Gold	600	74	4	78	—	—	—	266p
Cons. Gold	220	54	2	62	1	67	—	"
Cons. Gold	240	36	22	43	30	54	—	"
Cons. Gold	260	24	27	33	6	42	10	"
Courtaulds	100	15	4	16	—	19	—	109p
Courtaulds	110	7	26	10½	10	14	—	"
Courtaulds	120	4½	2	8	—	10	—	"
GEC	420	47	2	66	—	—	—	438p
GEC	460	26	11	43	12	54	—	"
Grand Met.	140	27	—	30	5	—	—	161p
Grand Met.	160	16	4	19	3	28	—	"
Grand Met.	180	6	—	8	2	15	—	"
ICI	380	34	3	36	—	44	—	396p
ICI	420	10	3	18	—	30	—	"
Land Secs	280	36	2½	42	—	50	—	313p
Land Secs	260	63	4	68	—	73	—	"
Land Secs	300	29	7	46	—	59	—	"
Land Secs	330	15	10	26	—	48	—	"
Marks & Sp	90	55	67	37	—	—	—	121p
Marks & Sp	100	26	—	28	26	—	—	"
Marks & Sp	110	18	2	25	—	28	—	"
Marks & Sp	130	7	18	15	—	17	—	"
Shell	700	98	8	117	—	140	—	765p
Shell	750	68	3	80	10	105	—	"
Shell	800	36	21	58	14	83	—	"
Totals			433		156		13	
		May		August		November		
BOC Intl.	80	2½	187	8½	16	18	8	80p
Boots	200	25	5	50	—	59	—	221p
Boots	220	8	—	17	3	28	—	"
EMI	110	8	5	18	28	24	—	110p
EMI	120	3	—	12	27	18	5	"
EMI	130	1	—	9	113	14	5	"
EMI	140	¼	—	5	13	12	32	"
Imperial Gp	110	1	—	5	25	7½	6	101p
RTZ	300	35	3	38	—	84	—	332p
RTZ	330	10	—	58	16	66	—	"
RTZ	360	2	30	25	40	48	—	"
Totals			240		353		56	

FINANCIAL TIMES STOCK INDICES

	May 16	May 15	May 14	May 11	May 10	May 9	A year ago
Government Secs.	73.33	73.11	73.43	73.79	73.62	74.64	71.19
Fixed Interest	75.68	75.66	76.14	76.65	76.32	76.96	73.20
Industrial	536.2	526.4	525.4	532.8	532.7	536.9	480.5
Gold Mines	175.4	170.0	165.4	165.6	165.2	160.9	155.6
Gold Mines(Ex-$ pm)	143.9	140.5	137.1	134.3	134.1	129.5	105.1
Ord. Div. Yield	5.30	5.57	5.66	5.48	5.56	5.59	5.91
Earnings, Yld. % (full)	14.75	14.94	14.96	14.70	14.60	14.45	16.75
P/E Ratio (net) (*)	8.70	8.59	8.51	8.74	8.80	8.90	8.00
Dealings marked	4,624	4,019	3,954	4,326	4,625	5,441	3,797
Equity turnover £m.	—	94.60	75.69	91.55	81.21	108.36	73.69
Equity bargains total	—	14,906	14,653	13,524	14,611	19,961	15,282

10 am 529.1. 11 am 531.5. Noon 532.7. 1 pm 534.4. 2 pm 534.7. 3 pm 535.2.
Latest Index 01-246 8026.
*Nil=8.43.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.81 (4/1)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (1/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	183.5 (18/2)	129.2 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines ($ Ex-pm)	143.9 (16/5)	98.8 (3/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	May 16	May 15
—Daily		
Gilt Edged	103.1	92.6
Industrials	165.6	147.6
Speculative	54.5	32.5
Totals	105.9	81.8
5-d'y Av'ge		
Gilt Edged	94.4	93.6
Industrials	165.1	164.1
Speculative	39.3	38.1
Totals	98.1	101.5

£991,111 to preserve buildings

GRANTS totalling £991,111 towards the cost of repairing 77 secular buildings of outstanding historical or architectural interest have been made by the Secretary of State for the Environment, on the advice of the Historic Buildings Council for England, between October 1 and December 31, 1978. In addition the value of grants previously made has increased by £84,001.

Projects accepted for repair grants under the Historic Buildings and Ancient Monuments Act 1953 include:

Pump Room Suite, Bath; Stowe School, Bucks.; Churche's Mansion, Nantwich, Cheshire; Tiverton Castle, Devon; Raby Castle, Staindrop, Co. Durham; Jacobes Hall, Brightlingsea and Thaxted Windmill, Essex; Knoll, Sevenoaks, Kent; Speke Hall, Liverpool; Stonor Park, Henley-on-Thames; Adcote School, Shropshire; Somerleyton Hall, Lowestoft; Guild Chapel of the Holy Cross, Stratford-on-Avon; Denton Hall, near Ilkley; Castle Howard, York.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	58	10	15
Corpns. Dom and Foreign Bonds	15	4	45
Industrials	406	143	865
Financial and Prop.	131	52	324
Oils	14	8	18
Plantations	8	4	22
Mines	82	11	49
Others	74	22	39
Totals	786	254	1,375

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (118)

BRITISH FUNDS (3)
COM'WEALTH & AFRICAN LOANS (1)
BANKS (2)
BEERS (1)
BUILDINGS (6)
DRAPERY & STORES (10)
ELECTRICALS (3)
ENGINEERING (10)
FOODS (1)
HOTELS (1)
INDUSTRIALS (22)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (2)
PAPER & PRINTING (1)
PROPERTY (1)
SHIPPING (1)
SHOES (2)
SOUTH AFRICANS (5)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (13)
RUBBERS (1)
MINES (26)

NEW LOWS (22)

AMERICANS (1)
Barnes Group
CANADIANS (1)
Bank of Montreal
BANKS (2)
Algemene Bank Deutsche Bank
BUILDINGS (1)
Jennings
ENGINEERING (3)
Renold Thyssen
Richardsons Westgth.
INDUSTRIALS (2)
Monsanto 5pc '82-86 Oca Finance Conv.
INSURANCE (2)
Howden (A.) Minet
PAPER (1)
Ogilvy & Mather
TRUSTS (5)
Rolinco Sub. Shares Jersey External Pref.
Suez Fin. Robeco Br.
Do. Subb. Shares
OILS (1)
Sceptre Resources
OVERSEAS TRADERS (1)
Inchcape
MINES (2)
Oakbridge Tanks Prel.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Mining Finance	+39.28	Gold Mines FT	+20.14
Food retailing	+36.86	Capital Goods Group	+19.68
Merchant Banks	+36.86	Contracting and Construction	+19.17
Stores	+36.85	Other Groups	+17.35
Property	+35.61	Investment Trusts	+16.59
Electronics, Radio and TV	+31.69	Wines and Spirits	+16.34
Newspapers and Publishing	+31.05	Shipping	+16.07
Insurance (Life)	+28.61	Metal and Metal Forming	+15.74
Banks	+27.53	Engineering Contractors	+15.58
Building Materials	+27.08	Insurance (Composite)	+15.14
Breweries	+26.85	Packaging and Paper	+14.41
Oils	+26.61	Chemicals	+14.14
Entertainment and Catering	+25.91	Food Manufacturing	+13.99
Overseas Traders	+25.77	Tobaccos	+12.78
Electricals	+25.28	Mechanical Engineering	+12.09
Financial Group	+24.09	Office Equipment	+10.60
Consumer Goods (Non-Durable) Group	+23.79	Pharmaceutical Products	+ 8.36
All Share Index	+22.35	Motors and Distributors	+ 7.98
Consumer Goods (Durable) Group	+21.93	Household Goods	+ 6.27
500-Share Index	+21.90	Textiles	+ 2.70
Industrial Group	+21.03	Insurance Brokers	+ 2.38
Hire Purchase	+21.00	Toys and Games	−12.06
Discount Houses	+20.34		

† Percentage changes based on Tuesday, May 15, 1979, indices.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	12	1,110	+ 4	1,238	882
Shell Transport	25p	12	765	+20	804	556
Allied Breweries	25p	10	102	+ 3	102	80
Grattan W'houses	25p	10	144	+12	144	88
Tricentrol 'New'	Nil/pd.	9	50pm	+ 2	74pm	46pm
Cons. Gold Fields	25p	8	266	+ 7	266	178
BATs Defd.	25p	7	294	—	337	250
Barclays Bank	£1	7	488	+ 6	514	360
Duport	25p	7	77	+ 6½	77	63
House of Fraser	25p	7	198	+ 6	198	125
Hudson's Bay	—	7	£13⅜	− ⅛	£17⅝	£11⅞
RTZ	25p	7	332	+ 6	362	226
Assoc. Dairies	25p	6	290	+ 4	306	189
Commercial Union	25p	6	166	+ 2	185	140
ICI	£1	6	395	+ 5	415	346

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21
May 30	Jun. 11	Aug. 23	Sept. 4

For rate indications see end of Share Information Service

Money was given for the call of Prince of Wales Hotels, Selincourt, Ladbroke Warrants, Slough Estates, Town and City Properties, Lonrho, P & O Deferred, Burmah Oil, British Land, Vinten, Wm. Press, Charterhall, Sungei Krian Rubber, Carless Capel and Racal. A put was arranged in Bankbridge, while double options were transacted in Slough Estates and Trafalgar House.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
§116	F.P.	—	195	137½	††Baker (John)	165	+7	16.0	—	2.2	—
‡	F.P.	—	57½	42½	Bank Bridge 10p	44½	+1		—	—	—
‡	F.P.	—	55	52½	Fulcrum Inv. Inc.	53		64.0	—	11.4	—
‡	F.P.	—	4	3	Do. Capital 2½p	4			—	—	—
‡	F.P.	16/2	132	118	Hunting Assoc. Defd.	199	+5		—	—	—
‡	F.P.	6/6	103	65	Pentos Defd.	100			—	—	—

FIXED INTEREST STOCKS

Issue Price £	Am'unt Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
99¾	F.P.	—	99¾	99⅛	Cleveland (County of) Var. Rate 1984	99½	......
‡	‡		65⅛	53⅛	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53⅛	......
§100	F.P.	4/6	106½p	103p	Grant (James) 10¾% Pref.	104½p	−½
20p	F.P.	11/5	21¼p	101½p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	19½p	......
96	£60	23/5	65	59½	ICFC 12¾% Uns Ln 1992	55½	+½
‡	F.P.	27/7	102	99	Lee Valley Water 8% Red. Prf. 1986	102	......
‡‡	—	11/5	108p	104p	Lyles (S.) 11% Cum. Pref.	104p	......
72½	—	—	81	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	77	−½
100	F.P.	11/3	118½	111	Slough Ests. 8% Cnv. 1991-94	114	+2
‡‡	F.P.	26/4	180p	104p	Tricoville 10¼% Pref.	104	−½

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1976 High	1976 Low	Stock	Closing Price p	+ or −
12	F.P.	27/4	18/5	20½	15½	Armour Trust	17½	−½
185	F.P.	3/5	8/6	257	232	Beatson Clark	250	−2
20	Nil	18/5	6/6	234pm	212pm	Brent Chemicals	230pm	......
20	F.P.	27/4	1/6	113	62	Crest Nicholson	105	......
25½	F.P.	14/5	8/6	35½	30½	Davis & Metcalfe 'A'	32	......
16	Nil	—	—	2½pm	2pm	Hampton Trust	6½pm	......
185	F.P.	25/3	18/5	256	210	Johnson Matthey	255	+2
6p	F.P.	—	—	12	8	Maddock	10	......
34	F.P.	24/4	18/5	59pm	49pm	Norfolk Cap. Hotels	49pm	......
44	F.P.	16/4	31/5	74pm	64pm	Park Place Invs.	64pm	......
118	Nil	—	—	8pm	7pm	Pullman (R. & J.)	7pm	......
20	F.P.	27/4	15/5	32	27½	Singlo Holdings	28½	−½
155	Nil	—	—	52pm	46pm	Standard Chartered Bank	52pm	+2
175	Nil	23/5	4/7	74pm	46pm	Tricentrol	50pm	+2
100	F.P.	27/4	18/5	128	113	Unicorn Inds.	127	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Wed., May 16, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., May 15 Index No.	Mon., May 14 Index No.	Fri., May 11 Index No.	Thurs., May 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	279.12	+1.1	15.07	4.99	8.81	276.12	275.61	278.84	279.29	213.89
2	Building Materials (27)	261.30	+1.1	15.36	5.26	8.71	258.45	258.28	262.48	262.63	191.46
3	Contracting, Construction (28)	430.50	+0.9	18.55	4.91	7.41	426.56	425.27	431.50	432.76	343.95
4	Electricals (14)	681.35	+1.3	11.41	2.80	12.03	672.32	669.44	675.25	676.95	446.35
5	Engineering Contractors (12)	413.80	+1.4	17.39	5.74	7.35	407.37	406.48	409.90	408.83	322.85
6	Mechanical Engineering (73)	204.80	+0.8	16.46	5.65	7.96	203.29	203.28	205.89	206.19	172.41
8	Metals and Metal Forming (16)	186.47	+1.1	16.85	8.34	7.51	184.43	184.09	185.71	186.15	167.98
	CONSUMER GOODS										
11	(DURABLE) (52)	254.20	+0.6	13.86	4.28	9.59	252.58	250.51	252.40	252.30	196.99
12	Lt. Electronics, Radio, TV (16)	346.90	+0.6	10.91	3.06	12.96	344.90	340.42	341.90	341.61	230.08
13	Household Goods (12)	176.04	+0.5	15.73	6.86	8.51	175.10	175.02	176.76	176.76	176.38
14	Motors and Distributors (24)	130.15	+0.8	20.10	6.46	6.17	129.11	129.24	130.99	131.12	126.22
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	259.13	+1.3	14.07	5.12	9.19	255.83	255.97	259.27	259.86	205.39
22	Breweries (14)	298.04	+1.4	12.80	5.05	9.91	293.85	290.67	294.18	295.14	240.57
23	Wines and Spirits (6)	331.45	+0.9	14.18	4.52	10.28	328.63	327.57	330.23	332.87	282.37
24	Entertainment, Catering (17)	347.08	+3.0	13.67	3.52	9.74	336.86	335.22	347.43	354.37	262.73
25	Food Manufacturing (19)	230.80	+1.4	16.75	4.92	7.64	227.59	228.10	230.72	230.22	192.69
26	Food Retailing (15)	314.07	+0.8	10.45	3.82	12.76	311.51	311.19	316.57	315.03	198.90
32	Newspapers, Publishing (12)	485.01	+0.6	19.17	3.28	7.39	482.10	483.52	485.26	485.94	391.43
33	Packaging and Paper (15)	150.54	+0.7	17.21	7.25	7.45	149.57	149.89	150.74	151.24	138.18
34	Stores (41)	263.52	+1.5	10.39	3.76	13.20	259.68	262.15	264.84	264.10	186.30
35	Textiles (23)	185.19	+1.1	17.77	8.38	7.14	183.21	180.18	181.61	182.22	183.28
36	Tobaccos (3)	265.11	—	21.48	7.76	5.35	265.11	264.92	267.58	270.08	258.70
37	Toys and Games (6)	77.15	+0.5	29.71	8.79	4.06	76.77	76.23	77.79	79.15	105.18
41	OTHER GROUPS (99)	229.63	+1.0	14.04	5.56	8.89	227.41	226.98	229.31	228.48	195.74
42	Chemicals (18)	317.03	+0.9	15.83	6.22	7.40	314.17	314.84	318.41	317.07	267.62
43	Pharmaceutical Products (7)	264.55	+0.6	10.39	4.48	11.80	263.02	262.86	265.36	264.74	260.08
44	Office Equipment (6)	141.36	−0.7	14.50	3.81	8.70	142.35	143.35	145.07	145.48	135.35
45	Shipping (10)	478.56	+1.5	10.60	6.42	12.95	471.48	469.47	472.14	465.99	432.23
46	Miscellaneous (58)	270.84	+1.5	14.89	5.35	5.88	266.87	264.84	267.54	266.60	207.26
49	INDUSTRIAL GROUP (494)	264.60	+1.1	14.30	5.13	9.05	261.68	261.35	264.37	264.51	211.41
51	Oils (6)	652.32	+2.0	12.09	3.36	8.79	639.76	645.03	657.58	681.89	501.37
59	500 SHARE INDEX	296.48	+1.3	13.94	4.84	9.00	292.81	292.88	296.65	298.58	235.37
61	FINANCIAL GROUP (115)	209.90	+0.8	—	4.98	—	208.29	208.92	211.22	212.17	168.08
62	Banks (6)	251.60	+0.9	26.47	4.82	4.88	249.33	250.19	250.55	253.66	199.26
63	Discount Houses (10)	254.44	−0.7	—	7.46	—	256.23	255.40	261.72	263.57	199.14
64	Hire Purchase (5)	199.67	+0.8	16.64	4.52	7.74	198.00	194.49	195.17	192.42	149.12
65	Insurance (Life) (10)	171.45	+0.1	—	6.20	—	171.22	170.90	172.80	173.08	140.71
66	Insurance (Composite) (8)	142.89	+1.3	—	6.60	—	141.06	143.33	146.66	147.63	127.93
67	Insurance Brokers (10)	315.35	−0.5	15.96	6.07	8.99	316.82	313.47	316.82	317.79	350.47
68	Merchant Banks (14)	106.00	+0.1	—	4.92	—	105.93	106.48	108.38	108.28	80.65
69	Property (42)	365.73	+0.9	3.08	2.23	49.92	362.64	362.62	367.53	366.42	229.42
70	Miscellaneous (10)	134.57	+1.5	13.85	6.92	9.29	132.87	132.28	132.81	132.21	108.92
71	Investment Trusts (111)	237.26	+0.3	—	4.77	—	236.44	237.33	240.12	241.39	209.15
81	Mining Finance (4)	144.23	+2.3	14.00	5.46	8.68	141.04	139.86	141.78	141.17	97.08
91	Overseas Traders (20)	368.72	+0.2	13.96	6.85	9.01	368.10	366.67	368.29	369.69	318.10
99	ALL-SHARE INDEX (750)	272.44	+1.1	—	4.92	—	269.43	269.61	272.95	274.52	217.47

FIXED INTEREST PRICE INDICES

	British Government	Wed., May 16	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.46	+0.01	—	3.54
2	5-15 years	120.35	+0.50	—	3.15
3	Over 15 years	125.58	+0.56	—	5.31
4	Irredeemables	133.12	+0.38	—	6.88
5	All stocks	116.49	+0.34	—	4.13

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Wed., May 16	Tues., May 15	Year ago (approx.)
1	Low Coupons	5 years	9.78	9.81	8.52
2		15 years	10.53	10.58	10.25
3		25 years	11.07	11.14	11.42
4	Medium Coupons	5 years	11.37	11.37	10.94
5		15 years	11.81	11.88	12.05
6		25 years	11.95	12.03	12.24
7	High Coupons	5 years	11.69	11.74	11.23
8		15 years	12.18	12.26	12.58
9		25 years	12.28	12.26	13.01
10	Irredeemables		10.95	10.98	11.30

		Wed., May 16 Index No.	Wed., May 16 Yield %	Tues. May 15	Mon. May 14	Fri. May 11	Thurs. May 10	Wed. May 9	Tues. May 8	Fri. May 4	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	61.26	12.12	61.24	61.46	61.58	61.37	61.64	61.86	61.88	57.83
16	Investment Trust Prefs. (15)	52.03	13.51	52.03	52.03	56.03	52.03	52.41	51.43	51.82	52.17
17	Coml. and Indl. Prefs. (20)	75.11	12.43	75.11	75.11	76.52	75.32	75.81	75.80	70.60	70.41

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	108.2	113.9	+0.4	3.11
Abbey Capital	40.7	43.3	+0.5	4.21
Abbey Income	47.5	50.5	+0.4	6.01
Abbey Inv. Tst. Fd.	41.0	43.6	+0.1	4.55
Abbey Gen. Tst.	55.3	58.8	+0.4	3.97
Equitas Prog. Tst.	73.6	77.6	+0.5	4.31

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	99.7	104.9	.....	12.22

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	80.2	85.8	+1.1	4.85
Brit. Inds. Fund	78.3	83.8	+0.8	4.77
Grth. & Inc.	44.9	48.0	+0.4	4.58
Elect. & Ind. Dev.	42.3	45.3	+0.5	4.11
Allied Capital	84.1	90.0	+0.8	4.22
Hambro Fund	129.6	138.7	+1.7	4.67
Hambro Acc. Fd.	148.7	159.1	+1.3	4.12
Income Funds				
High Yield Fd.	82.0	87.7	+0.6	7.58
High Income	76.5	81.9	+0.8	6.50
A. H. Eq. Inc.	45.5	48.7	+0.7	6.57
International Funds				
International	24.8	26.5	.....	3.03
Pacific Fund	39.0	41.7	+0.1	2.13
Secs. Of America	52.3	56.0	.....	2.05
Specialist Funds				
Smaller Co.'s Fd.	49.5	53.0	+0.1	3.59
2nd Smlr. Co's Fd.	61.6	65.9	+0.2	3.79
Recovery Sits.	119.9	128.3	+0.7	5.09
Met. Min. & C'dty.	49.0	52.4	+0.4	4.37
Overseas Earnings	67.8	72.5	+0.4	4.00
Exempt Funds				
Far East Exempt	45.3	47.1	-0.1	2.98
Smaller Co. Exempt	78.0	82.9	+0.4	3.47
U.S.A. Exempt	93.9	97.4	.....	2.25

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

[illegible]

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	51.8	55.4	.....	4.34
Do. Accum.	69.5	74.3	.....	4.34

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 10	118.0	118.6	.....	4.21
Gross Inc. May 10	87.2	90.0	.....	8.00
High Yield May 10	99.0	103.4	.....	8.12

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Inc.	108.3	115.2	.....	2.50
Do. Acc.	133.0	141.4	.....	2.50
G.T. Inc. Fd. Un.	178.0	189.3	.....	8.30
G.T. U.S. & Gen.	123.0	130.8	.....	3.20
G.T. Japan & Gen.	79.3	83.9	.....	2.10
♦Gt. Pens. Ex. Fd.	211.2	221.7	.....	3.20
G.T. Int'l. Fund	150.8	160.4	.....	1.70
G.T. Four Yds. Fd.	62.0	65.9	.....	7.60
G.T. Far East & Gen.	44.2	47.5	.....	2.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	39.3	42.0	+0.3	4.38

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	23.6	25.4	-0.1	0.65
British Tst. (Acc.)	67.6	72.3	+0.6	3.35
Commodity Share	181.3	194.9	+2.6	3.29
Extra Income Tst.	27.0	29.0	+0.2	8.54
Far East Trust	33.1	35.6	+0.1	0.20
High Income Tst.	66.9	71.9	+0.3	8.61
Income Fund	86.9	93.4	+0.6	6.50
Ins. Agencies	£15.63	16.64	.....	3.93
Intl. Exempt Fd.	104.0	112.6	.....	5.95
Intl. Tst. (Acc.)	31.7	34.1	.....	0.69

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

Extra Income	32.2	35.0	+0.5	9.20
Income	47.4	51.0	+0.3	8.20

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Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	......	—	—
40	39	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed.....	98	......	—	13.10

BONDS & RAILS—Cont.

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S.E. List Premium 27¾% (based on US$2.0980 per £)

Conversion factor 0.8203 (0.8266)

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S.E. List Premium 27¾% (based on $2.3813 per £)

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PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

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1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	10	+1	—	—	—
171	128	Bougainville 50 Toea	132	+1	Q15c	1.0	7.0
140	84	BH South 50c	95	......	—	—	—
540	340	Central Pacific	510	......	—	—	—
310	220	Conzinc Riotinto 50c	234	–8	‡Q10c	2.0	2.6
36	21	Cultus Pacific N.L.	22	......	—	—	—
21½	13½	Endeavour 20c	13½	–½	—	—	—
98	62	E.M. Kalgoorlie $1	84	+8	Z05c	—	2.0
42	23	Haoma Gold N.L.	27	+2	—	—	—
172	146	Hampton Areas 5p	172	......	‡Q3.55	2.0	3.1
57	25	Metals Ex. 50c	55½	–½	—	—	—
275	197	M.I.M. Hldgs. 50c	215	......	†Q9c	5.7	2.4
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	48	–2	—	—	—
44	17	Newmetal 20c	18	......	—	—	—
141	100	North B. Hill 50c	103	......	†Q8c	1.3	4.5
22	11	Nth. Kalgurli	15	......	—	—	—
40	22	Nth. West Mining	25	+1	—	—	—
137	86	Oakbridge $A1	86	–4	Q12c	1.9	8.1
37	22	Otter N. L.	25	+1	—	—	—
120	58	Pacific Copper	87	......	—	—	—
£10¼	625	Pancont'l 25c	650	......	—	—	—
25¾	17	Paringa M&Ex.5p	17	......	—	—	—
510	330	Peko-Wallsend 50c	343	......	Q15c	3.3	2.5
215	145	Southern Pacific	188	–2	—	—	—
188	139	Westn. Mining 50c	158	......	†Q3c	0.7	1.1
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	55	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	28	......	2.81	1.3	15.0
435	310	Ayer Hitam $M1	325	......	Q300c	0.5	19.8
72	51	Beralt Tin	62	......	4.0	ϕ	9.6
270	200	Berjuntai $M1	230	+5	†Q110c	1.0	11.4
160	145	Geevor	155	......	†5.57	5.8	5.4
10½	0	Gold & Base 12½p	10½	......	—	—	—
365	295	Gopeng Cons.	360	......	†18.0	5.4	7.5
360	295	Hongkong	360	......	12.5	2.8	5.2
85	64	Idris 10p	85	+3	8.0	ϕ	14.0
14	9½	Jantar 12½p	14	......	—	—	—
95	66	Kamunting $M0.50	88	......	†Q12.5c	2.1	3.1
620	210	Killinghall $M1	345	......	—	—	—
465	365	Malay Dredging $M1	415	+5	†175c	8.7	9.1
57	37	♠Pahang	38	–1	—	—	—
115	60	Pengkalen 10p	115	+1	4.5	1.2	5.8
275	205	Petaling $M1	265	......	Q120c	1.3	9.7
85	73	Saint Piran	76	+2	†2.03	6.5	4.0
58	53	South Crofty 10p	53	......	†4.19	2.0	11.8
210	170	South Kinta $M0.50	210	......	†s0145c	0.6	14.8
405	285	Sthn Malayan $M1	375	......	†Q190c	1.0	10.9
295	210	Sungei Besi $M1	290	......	m065c	5.3	4.8
75	50	Supreme Corp. $M1	55	......	Z010c	—	5.9
105	94	Tanjong 15p	105	......	6.80	0.8	9.4
115	95	Tongkah H. Tin	110	......	†Q24c	0.7	5.0
280	205	Tronoh $M1	270	......	280c	1.6	6.7

COPPER

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	103	+3	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
74	54	Barymin	69	+2	—	—	—
13½	10	Burma Mines 17½p	10	......	—	—	—
345	170	Cons. Murch. 10c	280	–5	—	—	—
410	330	Northgate C$1	340	+10	—	—	—
362	226	R.T.Z.	332xd	+6	11.5	2.7	5.2
31	18	Robert Mines	24	......	—	—	—
65	40	Sabina Inds. C$1	41	......	—	—	—
880	687	Tara Expln. $1	725	+25	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
$16	$10½	Buffels R1	$16	+½	†Q170c	1.8	13.6
$12¼	890c	East Drie R1	$12¼	+¼	Q115c	1.6	10.4
575c	350c	East Rand Prp. R1	575c	+35	Q10c	—	2.1
$24¼	$18¼	F.S. Geduld 50c	$24	+¾	†Q315c	2.4	15.1
$15	$11⅛	Pres. Brand 50c	$15	+¾	†Q150c	3.2	11.5
$14¼	$10¼	St. Helena R1	$14¼	......	Q190c	1.4	15.4
660c	407c	Stilfontein 50c	660c	+20	Q66c	ϕ	11.5
$28	$18¼	Vaal Reefs 50c	$28	......	Q280c	2.7	11.5
$39¾	$28¾	West Drie R1	$39¾	+½	†Q385c	1.7	11.1
$30⅝	$22¼	West Hldgs. 50c	$30	+⅝	†Q475c	1.4	15.9
$14	$10⅞	Western Deep R2	$14	......	Q147½c	2.1	12.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- § Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 44

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29	......	Sheff. Refrshmt	85	......
Ash Spinning	105	......	Sindall (Wm.)	142	......
Bertam	26	......	**IRISH**		
Bdg'wtr. Est. 50p	425	......	Conv. 9% '80/82	£92	......
Ck. or Croft	28	......	Alliance Gas	95½	......
Craig & Rose £1	£11½	......	Arnott	400	+20
Dyson (R. A.) A	36	......	Carroll (P.J.)	107	......
Ellis & McHdy	70	......	Clondalkin	88	......
Fife Forge	54	......	Concrete Prods.	100	......
Finlay Pkg. 5p	20	......	Heiton (Hldgs.)	76	+1
Graig Ship. £1	240	......	Ins. Corp.	210	......
Higsons Brew	83	......	Irish Ropes	105	......
Holt (Jos) 25p	269	......	Jacob	38	......
I.O.M. Stm. £1	167	......	T.M.G.	220	+5
Pearce (C. H.)	225	+20	Unidare	88	+2
Peel Mills	30	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Unilever	55
A. Brew	7	"Imps"	9	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	10
B.S.R.	8	Inveresk	7	Vickers	17
Babcock	14	KCA	4	Woolworths	6½
Barclays Bank	32	Ladbroke	18		
Beecham	52	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	9	Brit. Land	5
Boots	10	Lloyds Bank	25	Cap. Counties	7
Bowaters	10	"Lots"	5	E.P.	3½
B.A.T.	28	London Brick	7	Intereuropean	5
Brown (J.)	50	Lonrho	9	Land Secs.	20
Burton 'A'	22	Lucas Inds.	25	MEPC	15
Cadburys	5	"Mams"	18	Peachey	13
Courtaulds	10	Mrks. & Spncr	9	Samuel Props.	14
Debenhams	8	Midland Bank	30	Town & City	2
Distillers	21	M.E.I.	14		
Dunlop	6½	Nat. West. Bank	28	**Oils**	
Eagle Star	16	Do. Warrants	15		
E.M.I.	14	P & O Dfd.	8	Brit. Petroleum	70
Gen. Accident	22	Plessey	10	Burmah Oil	11
Gen. Electric	32	R.H.M.	5	Charterhall	3½
Glaxo	50	Rank Org.	25	Shell	48
Grand Met.	12	Reed Intnl.	16	Ultramar	24
G.U.S. 'A'	30	Spillers	5½		
Guardian	24	Tesco	6	**Mines**	
G.K.N.	24	Thorn	22	Charter Cons.	16
Hawker Sidd	22	Trust Houses	27	Cons. Gold	17
House of Fraser	15	Tube Invest.	30	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday May 17 1979

EEC energy-saving warning

BY GILES MERRITT IN BRUSSELS

HERR GUIDO Brunner, the EEC Energy Commissioner, yesterday warned that the Community is falling well short of its new energy-saving target.

His comments, on the eve of today's EEC Energy ministers Council in Brussels, mean there is a strong possibility of a clash at the meeting between Herr Brunner and the Council. For Herr Brunner emphasised yesterday that "without further action" the EEC will this year reduce its energy consumption by only 3.5 per cent on 1978 compared with a target cut of 5 per cent.

The Commission's projections, he said, showed that last year's consumption of 525m tonnes of oil by the Nine will in 1979 be reduced to only 506m tonnes, against the 500m tonnes target figure.

The indications are, however, that the Council of Ministers does not intend to set fresh targets until it is sure that the measures so far taken are inadequate. The likelihood is that the question of additional steps will not be discussed until the Energy Council meets in the autumn.

Although the Brussels Commission is the central information point on energy trends in the Community, it is understood that many member governments are unwilling to contemplate further reductions in consumption until all the energy savings measures adopted have fully been implemented.

The UK is confident that its fuel-switching programme will ensure a 5 per cent cut, but West Germany and Ireland are believed to be among those likely to fall short of the target.

Herr Brunner has also warned that, even if there are no further increases in oil prices, the rises so far this year will have hit the Community's balance of payments to the tune of a further $10bn (£4.9bn). Price rises to date have increased the EEC's oil bill by 24 per cent. and even without further rises the average extra cost for 1979 compared with last year will be 20 per cent.

To help ease prices the Commission is particularly keen to see the strengthening of the reporting system under which member governments exchange oil market information. The hope is that increased information flows will help counteract the effects of the Rotterdam spot market, in which, Herr Brunner said, prices as high as $30 a harrel have been reached in recent days.

The reporting system will figure prominently on the Council's agenda today, as will the question of whether or not the EEC should open its own permanent dialogue at expert level with members of the Organisation of Petroleum Exporting Countries. But while Herr Brunner is insistent that such a dialogue must be set up, several EEC member States are concerned that, without the U.S. and Japan, such a move could be harmful.

European Liberals issue joint manifesto

By Elinor Goodman, Lobby Staff

THE POLITICAL parties forming the alliance of Liberals and Democrats in the European Parliament yesterday called for increased powers for the Parliament as part of a wider move to greater political and economic union.

In a joint manifesto to be used by the group in next month's European elections, they argued that the Parliament should have more power over the Community budget and legislation as well as the right to nominate members of the Commission.

The manifesto was the first to be published by any of the main British political parties in the campaign.

Although it contained some proposals for reforming the Community, its main message was that member states were benefiting from Community membership.

The group, which was the third largest alliance in the old Parliament, also regards the establishment of a common European currency as a long-term aim.

To achieve proper economic and monetary union, it says, it will be necessary to harmonise the rules covering social welfare, public spending and double taxation.

In the tradition of the Liberal Party, the group also wants the strengthening of Parliament's powers to be accompanied by a decentralisation of decision making within the Community.

Because of the difficulty to getting 12 different parties to agree on a common policy, the manifesto does not give much prominence to some issues important to Britain, such as the size of the UK contribution to the Community budget.

Partly for this reason, the British Liberal Party has produced its own four-page inset to the joint manifesto. In this, it supports the general principles of the Common Agricultural Policy, but puts particular stress on reforming it.

Euro Elections page 2

Bonn 'regrets' nuclear ban by Lower Saxony

BY ADRIAN DICKS IN BONN

THE WEST GERMAN Cabinet expressed "regret" yesterday at the refusal of the Lower Saxony State Government to permit construction of the proposed Gorleben integrated nuclear centre, and insisted that the plant was still urgently needed.

Lower Saxony's decision, was explained as "political" in nature, and will be seen as a notable success for the opponents of nuclear power and a setback for Bonn's plans to build a minimal number of nuclear power plants.

The Bonn Government and its traditional supporters favouring nuclear energy, their confidence already shaken by the Three-Mile Island accident in the U.S., can be expected to regard the decision as a further blow against a programme already frustrated by court injunctions and public disquiet.

The original proposal was to make Gorleben a centre for reprocessing spent nuclear fuel, storing all waste products, and manufacturing fresh uranium and plutonium fuels.

If West Germany does not, for the time being at least, build such facilities at Gorleben, she will have to store spent nuclear fuel at power stations and at special "long-term intermediate storage" sites pending a final decision on how to treat the highly radioactive spent fuel.

Lower Saxony is willing to allow one such storage site to be built at Gorleben.

In a statement to the Lower Saxony State Assembly in Hanover yesterday, Herr Ernst Albrecht, the State Premier and a Christian Democratic potential candidate for Federal Chancellor, said his Government had decided against letting the Gorleben project go ahead on political grounds. There was no technical objection, and no likelihood of danger to the public from the plan.

As a result, Lower Saxony will allow further test-drilling to determine whether the underground salt caverns below Gorleben are suitable for dumping low-to-medium radio-active waste. If positive, these tests would be followed by sinking shafts.

Herr Gerhart Baum, the Federal Interior Minister, seized on the Lower Saxony Government's view that the Gorleben plan was technically sound, despite some scientific opinion to the contrary.

He said he "regretted" Herr Albrecht's decision, and promised that Bonn would not give up trying to persuade the Hanover authorities to change their mind.

The Federal Government would co-operate fully in re-examining the timing and implementation of the integrated centre, but Herr Volker Hauff, the Research and Technology Minister, insisted that there was no serious long-term alternative.

Swiss warn of fuel rationing, Page 3

Iran threat over spot oil deals

BY SIMON HENDERSON IN TEHRAN

IRAN IS to sell less oil to foreign companies under term contracts if it finds that some of it is being sold on the spot market.

A senior official of the National Iranian Oil Company said in Tehran yesterday that there was evidence that companies were already doing this, taking advantage, unfairly in Iran's view, of the present difference between spot prices and the contract price.

He defended Iran's increased surcharge of 60 cents per barrel effective from this week and could foresee further surcharges heing imposed.

NIOC's policy was to put pressure on the oil companies to reduce their orders and to encourage consumers to cut consumption. Iran's oil reserves would thus last longer. There have been reports in Tehran that NIOC planned to cut shipments unilaterally for all its contracts. But the official denied that such a move was contemplated. He did not think the Iranian Government would order a reduction because the price increase had unexpectedly boosted revenue.

Regarding the position Iran would take at next month's OPEC meeting, the official said NIOC was waiting for the results of the OPEC economic commission now heing held in Vienna.

He defended Iran's ability to supply all the contracted volumes—about 2.9m b/d out of a total production of 4m b/d. He said NIOC had the technical and marketing expertise. Suggestions of militancy among oilfield workers and demands for autonomy among the Arabs of the oil-rich Khuzestan province were played down completely.

Meanwhile he indicated that the NIOC Board was thinking of ending the four offshore joint ventures with foreign companies. A committee was producing a report and terminating the arrangements. NIOC would try to be as accommodating as possible. The joint venture companies are AGIP of Italy, AMOCO, Philips Petroleum, the Oil and Natural Gas Commission of India, Atlantic Richfield, Murphy, and Sun and Union. Together they are producing 350,000 b/d.

Continued from Page 1

Pay round

pared with 141.1 in February.

The older index increased to 368.0 in March (January 1970 = 100, seasonally adjusted), 3.5 per cent higher than in February, when it was 355.6.

In the first eight months of the round the old index has moved up 10.5 per cent against 9.8 per cent last year.

The index covering basic weekly wage rates rose 10.6 per cent in the 12 months to April, to stand at 285.8 (July 1972 = 100). This compares with a 19.3 per cent rise in the 12 months to March.

The drop reflects the delay in agreement on national rates for engineering workers compared with last year. This index takes only nationally-negotiated rates into account, and these are fairly erratic.

Continued from Page 1

Grammar schools

£57m assisted places scheme which would try to ensure a better geographical spread of opportunity than the old direct grant scheme.

The phasing out of support for direct grant grammar schools was a grave disservice both to the education system and to the children who henefitted from it, Mr. Carlisle said.

Mr. Roy Hattersley, from the Labour front bench, attacked the Tory plans which, he said, were designed to help only a minority of pupils.

"We helieve education should be hased on the principle thet al lour children are of equal worth, equal merit and equal value. The system that segregates end separates is bound to operate to the benefit of a small and decreasing minority."

Limit on unit trust charges may end soon

BY EAMONN FINGLETON

OFFICIAL CONTROLS on the charges which unit trust groups levy for managing investors' money may soon he scrapped as part of the new Government's approach to competition policy.

This was announced yesterday by Mr. John Nott, Secretary for Trade.

Department of Trade officials are to start talks with the unit trust groups on new disclosure requirements which would allow competition to keep down the level of charges.

Mr. Nott's decision was welcomed yesterday by the Unit Trust Association, which has conducted a long campaign for the industry to he allowed to make a larger annual charge. At present most unit trust groups which charge the maximum 5 per cent initial levy are forced under the rules to keep their annual charges at ½ per cent. This is regarded by the industry as uneconomic.

Speaking at the annual lunch of the Unit Trust Association, Mr. Nott said that it was in accord with the Conservatives' new epproach to competition policy to "examine critically" the Department of Trade's control of management charges.

He added: "I have, therefore, asked my officials to start discussions with the unit trust industry (including trustees) with a view to ending control of managers' charges.

"We shall, of course, be seeking assurances about the maintenance of unit holders' rights under existing trust deeds, about the introduction of acceptable formulations into new deeds and about relevant and adequate disclosure."

He went on: "In the context of our competition policy, we will have to look at the exemption which you now have from restrictive trade practices legislation."

Unit trust groups will probably have to state in advertisements and other promotional material the level of initial and annual charges, as one of their disclosure requirements.

Mr. Nott's proposed new system is in line with the long-term recommendation of the Price Commission when it reported earlier this year on the unit trust groups' application for higher annual charges. The commission's report, however, caused a furore in the industry because it said that management charges levied under a system of free competition with more disclosure would not exceed those allowed under the present controls.

The Price Commission also suggested that the percentage which insurance brokers receive on sales of unit trust investments should he disclosed to investors.

Mr. Edgar Palamountain, the outgoing chairman of the Unit Trust Association, said: "The industry will welcome greater disclosure of charges. It is right that the investor should know how much he is paying and to whom."

Mr. Palamountain's successor is Mr. Cholmeley Messer, a director of the Save and Prosper Group.

Du Cann opposed as 1922 chairman

By Richard Evans, Lobby Editor

MR. EDWARD DU CANN, unopposed chairman of the influential 1922 Committee of Conservative backbenchers for the last six years, is to be challenged for the key post today by his two vice-chairmen.

The challengers, Sir Paul Bryan, MP for Howden, and Mr. Charles Morrison, MP for Devizes, argued that with the start of a new Parliament, it was time to give Tory backbenchers a choice of leader.

But the underlying motive is a degree of personal antagonism towards Mr. du Cann among a section of Conservative MPs, and, it is alleged, an attempt by Mr. Edward Heath, the former party leader, to exert his influence.

The signs are that Mr. du Cann, a former Treasury Minister and once a possible contender for the Conservative leadership, will retain his post. But the contest could leave scars at a time when the Conservative Party is riding high at the start of a new Parliament.

Much will depend on the form of the ballot which will be decided at a meeting of the 1922 Committee tonight. The election will then be held immediately.

If it is a straight "first past the post" election, Mr. du Cann should win easily, as the opposition to his chairmanship will be split between his challengers.

But if, as the Bryan and Morrison supporters wish, there are two ballots, Mr. du Cann could be challenged fairly closely.

Experienced Tory MPs assume that Mr. du Cann would lead the first ballot, with Mr. Morrison second and Sir Paul third. Sir Paul's votes in a second ballot would probably go almost entirely to Mr. Morrison in the run off.

When the double challenge became known yesterday, Mr. du Cann's supporters were convinced that the hand of his old political foe, Mr. Heath, had heen active. The former Prime Minister is a close friend of Mr. Morrison.

The presence of Sir Timothy Kitson, Mr. Heath's former Parliamentary private secretary, as a leading supporter of Mr. Morrison, also gave rise to allegations of a hid hy Mr. Heath to increase his influence.

The Morrison camp, clearly regarded as the higgest danger, viewed snch stories as an attempt to hrand the challenge as disloyalty. They felt a campaign was heing waged to drive uncommitted MPs into the du Cann lobby, in order to maintain party unity.

Men and Matters Page 24

Weather

UK TODAY

SHOWERS and sunny intervals in all areas. Cool and windy esecially in the West and South.

London, S.E., Cent. S. England, E. England, Cent. N. England
Showers. Sunny intervals. Max. 14C (57F).

S. W., Wales, N.W. England, Ulster
Heavy prolonged showers. Max. 12C (54F).

N.E. England, Borders, Edinburgh and Dundee
Sunny intervals. Showers. Max. 13C (55F).

Rest of Scotland
Cloudy. Outbreaks of rain. Max. 10C (50F).

● Outlook: Little change. Less windy later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Lisbon	S	20	68
Algiers	S	25	77	Locarno	C	22	72
Amsdm.	S	25	77	London	C	23	73
Athens	F	20	68	Luxmbg.	S	23	73
Bahrain	S	36	97	Luxor	S	35	95
Barcina.	S	20	68	Madrid	S	28	82
Beirut	C	21	70	Majorca	S	23	73
Belfast	C	11	52	Malaga	S	23	73
Belgrd.	F	21	70	Malta	S	21	70
Berlin	S	26	79	M'chstr.	R	10	50
Biarritz	C	15	59	Melbne.	C	11	52
Bmghm.	C	15	59	Milan	S	24	75
Blackpl.	C	9	47	Montreal.	C	9	48
Bordx.	C	15	59	Moscow	S	27	80
Boulgn.	F	17	63	Munich	F	24	75
Bristol	C	12	54	Nairobi	S	23	73
Brussels	S	26	79	Naples	F	20	68
Budpst.	S	24	75	Nwcstl.	R	13	55
B. Aires	S	19	66	N. York	S	20	68
Cairo	S	31	88	Nice	S	21	70
Cardiff	C	11	52	Nicosia	F	21	70
Cas'b'ca	S	23	73	Oporto	C	15	61
Cape Tn.	S	26	79	Oslo	C	11	52
Chicago	S	18	64	Paris	S	25	77
Cologne	S	27	80	Perth	C	25	77
Cpnhgn.	S	22	72	Prague	S	24	75
Corfu	F	18	64	Reykjvk.	C	3	37
Dublin	R	10	50	Rhodes	S	21	70
Dbrvnk.	S	20	68	Rio J'o	S	29	84
Ednbgh.	R	8	46	Rome	S	22	72
Faro	S	24	75	Salzbrg.	S	25	77
Florence	S	24	75	Singapr.	S	31	88
Frankft.	S	25	77	Stckhlm.	S	21	70
Funchal	S	22	72	Strasbg.	S	26	79
Genova	S	23	73	Sydney	S	18	64
Gibrltr	S	22	72	Tangier	S	25	77
Glasgow	R	10	50	Tehran	C	25	78
G'rnsey	C	11	52	Tel Aviv	F	22	72
Helsinki	F	19	66	Tenerife	S	26	79
H. Kong	C	23	73	Tokyo	C	15	59
Innsbrk.	S	24	75	Toronto	S	12	54
Invrnss.	R	9	48	Tunis	S	25	77
I. of Man	R	8	46	Valencia	S	23	73
Istanbul	C	15	59	Venice	S	22	72
Jersey	C	10	50	Vienna	S	24	75
Jo'burg	S	17	63	Warsaw	S	24	75
L. Pims.	S	26	79	Zurich	S	23	73

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

A banker's view of capital

"There is no magic in numbers," said Mr. Malcolm Wilcox last night in the course of his address to the Institute of Bankers on the need for capital in banking. Like all practical bankers, Mr. Wilcox shies away from fixed ratios, suggesting that flexibility is required and that the true strength of a banking business can only be judged by those who know the nature and quality of both assets and liabilities.

Yet at the same time he accepts that what the well-informed outside observer expects to see in the balance sheet "may not be an irrelevant consideration." Besides being the outgoing President of the Institute of Bankers Mr. Wilcox is also a chief general manager of Midland Bank. So it is relevant to put Mr. Wilcox's comments in the context of Midland's own recent capital history.

Numbers may not be magical, but they can be fascinating. In the early 1970s Midland allowed its capital ratios to get a little out of control. The balance sheet ballooned, and the bank made expensive purchases of merchant banking companies which caused a large goodwill item to appear on consolidation. Increasingly, free capital rather than total capital and reserves was becoming the accepted measure of capital adequacy—and in 1972 Midland's ratio of free capital to deposits was only 1.4 per cent.

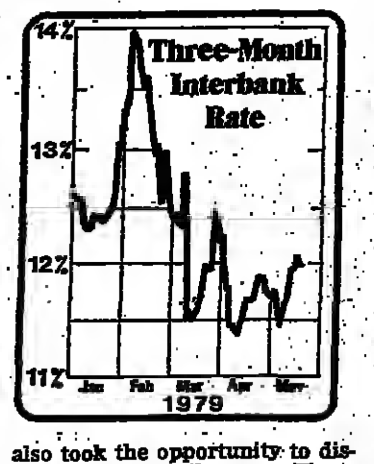
Midland then embarked on a programme of raising subordinated loan capital (mostly in dollars) which has continued ever since. By 1974 the free capital ratio was 1.7 per cent but the free equity ratio was just 0.5 per cent. Subordinated loan stock "is obviously not available to absorb losses in the same way as equity" said Mr. Wilcox last night although he added that it does form another line of defence for depositors.

When the stock market picked up at the beginning of 1975 Midland was the first of the clearers in the rights issue queue. The free equity ratio improved 1.0 per cent, but was still well below average for the clearers. And as Mr. Wilcox told the Institute, clearing bank profits in the 1970s have in themselves been in adequate to maintain free capital.

So last year Midland launched another rights issue (it is the only clearer to have had two in recent years) and also took the opportunity to dispose of Bland Payne. These measures roughly doubled the free equity ratio, and what with accounting changes in respect of deferred tax the end-1978 figure jumped to over 3 per cent.

But it had taken Midland six years to get back to this satisfactory position. No wonder bankers like to make a virtue out of flexibility.

Index rose 9.8 to 536.2



ECI

Equity Capital for Industry is now in the second phase of its quest to see whether it is needed. Rather than wait for merchant hanks and stockbrokers to send along companies for finance, it is going out and selling itself.

It is preserving its basic mission—to complement rather than compete with the stock market—by offering financing packages which would be hard to market: rights issues with very small discounts, convertibles with floating rates of interest and conversion terms which adjust automatically for inflation.

Meanwhile its report and acounts for the year to March, 1979, provide some guide to the size of ECI's problems with Brittains, the troubled papermaker. They show a capital deficit, charged straight against reserves, of £800,000 most of which is due to a writedown of Brittain's preference shares.

General Accident

After the inroads made by the bad weather into the profits of Royal and Commercial Union, General Accident's first quarter figures are not as bad as the market has been fearing. Pre-tax profits have fallen to £6.5m from £10.8m after underwriting losses of £17.3m.

In the U.S. General Accident, cushioned from the impact of the weather by its concentration on motor insurance, did not suffer as badly as the other two groups. With underwriting losses there being halved to £0.6m GA's results are rather more in line with those of the U.S. domestic insurers, and it should end the year with a profit on U.S. underwriting.

The most encouraging feature of the figures is that UK premium income is up by a quarter. Although it will take an extraordinary performance over the rest of the year to bring the UK underwriting position hack into balance, the flow of premiums should ensure an offsetting improvement in investment income, and for the year as a whole pre-tax profits could exceed last year's figure of £91.6m.

Woolworth

Woolworth's first quarter profits usually represent no more than an eighth of the full year's total, and the 1978-79 first quarter was so bad that a fairly substantial improvement this year was to be expected. All the same, a 36 per cent increase to £7.5m in pre-tax profits is encouraging.

A volume sales increase of around 3 per cent, suggesting Woolworth has not been losing market share, has come straight through into profits as a result of the group's high operational gearing. In addition, Woolworth's movement out of food retailing has boosted average gross margins—clothing and furniture sales have been particularly pleasing.

Over the year as a whole the improvement in net margins will be restricted by rising general costs, especally rates. But if the trading experience of the first quarter is any guide to the rest of the year—most importantly the last three months — then Woolworth should make £60m or more, against £52.6m last time, without much trouble, in spite of a rising interest charge and the heavier depreciation arising from its property revaluation. On this basis the shares, up 5p yesterday at 85p, stand on a fully-taxed multiple of about 11. Considering Woolworth's sluggish record, this may be high enough until the more promising trend is confirmed.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.